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

As filed with the Securities and Exchange Commission on July 30, 2009

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2009

OR

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

For the transition period from _____________ to ______________

Commission File No. 0-19341

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

Oklahoma (State or other jurisdiction of Incorporation or Organization)	73-1373454 (IRS Employer Identification No.)
Bank of Oklahoma Tower P.O. Box 2300 Tulsa, Oklahoma (Address of Principal Executive Offices)	74192 (Zip Code)

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

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

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

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 67,674,442 shares of common stock ($.00006 par value) as of June 30, 2009.

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

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

	Three Months Ended June 30, 2009	2008	
Interest revenue			
Loans	$ 146,269	$ 180,177	$
Taxable securities	80,713	75,959	
Tax-exempt securities	2,913	2,656	
Total securities	83,626	78,615	
Trading securities	776	939	
Funds sold and resell agreements	14	355	
Total interest revenue	230,685	260,086	
Interest expense			
Deposits	45,103	66,114	
Borrowed funds	4,370	29,212	
Subordinated debentures	5,632	5,821	
Total interest expense	55,105	101,147	
Net interest revenue	175,580	158,939	
Provision for credit losses	47,120	59,310	
Net interest revenue after provision for credit losses	128,460	99,629	

Other operating revenue			
Brokerage and trading revenue	21,794	(35,462)	
Transaction card revenue	27,533	25,786	
Trust fees and commissions	16,860	20,940	
Deposit service charges and fees	28,421	30,199	
Mortgage banking revenue	19,882	8,203	
Bank-owned life insurance	2,418	2,658	
Margin asset fees	68	4,460	
Other revenue	6,124	6,965	
Total fees and commissions	123,100	63,749	
Gain (loss) on sales of assets	973	(1,149)	
Loss on derivatives, net	(1,037)	(2,961)	
Gain (loss) on securities, net	6,471	(5,242)	
Total other-than-temporary impairment losses	(1,263)	-	
Portion of loss recognized in other comprehensive income	279	-	
Net impairment losses recognized in earnings	(1,542)	-	
Total other operating revenue	127,965	54,397	
Other operating expense			
Personnel	96,191	89,597	
Business promotion	4,569	5,777	
Professional fees and services	7,363	6,973	
Net occupancy and equipment	15,973	15,100	
Insurance	5,898	2,626	
FDIC special assessment	11,773	-	
Data processing and communications	20,452	19,523	
Printing, postage and supplies	4,072	4,156	
Net (gains) losses and expenses of repossessed assets	996	(229)	
Amortization of intangible assets	1,686	1,885	
Mortgage banking costs	9,336	6,054	
Change in fair value of mortgage servicing rights	(7,865)	767	
Visa retrospective responsibility obligation	-	-	
Other expense	5,326	7,039	
Total other operating expense	175,770	159,268	
Income (loss) before taxes	80,655	(5,242)	
Federal and state income tax	28,315	(2,862)	
Net income (loss) before non-controlling interest	52,340	(2,380)	
Non-controlling interest income (expense), net	(225)	1,219	
Net income (loss) attributable to BOK Financial Corp.	$ 52,115	$ (1,161)	$
Earnings (loss) per share:			
Basic	$ 0.77	$ (0.02)	$
Diluted	$ 0.77	$ (0.02)	$
Average shares used in computation:			
Basic	67,344,577	67,452,181	
Diluted	67,448,029	67,452,181	
Dividends declared per share	$ 0.24	$ 0.225	$

See accompanying notes to consolidated financial statements.

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Consolidated Balance Sheets
(In Thousands Except Share Data)

	June 30, 2009	December 31, 2008
Assets	(Unaudited)	(Footnote 1)
Cash and due from banks	$ 470,553	$ 581,133
Funds sold and resell agreements	112,128	113,809
Trading securities	84,548	99,601
Securities:		
Available for sale	7,033,090	5,800,691
Available for sale securities pledged to creditors	191,583	590,760
Investment (fair value: June 30, 2009 - $273,770; December 31, 2008 - $245,769; June 30, 2008 - $266,405)	269,844	242,344
Mortgage trading securities	222,864	399,211
Total securities	7,717,381	7,033,006
Residential mortgage loans held for sale	326,363	129,246
Loans	12,069,928	12,876,006
Less reserve for loan losses	(263,309)	(233,236)
Loans, net of reserve	11,806,619	12,642,770
Premises and equipment, net	286,295	277,458
Accrued revenue receivable	118,718	96,673
Intangible assets, net	357,838	361,209
Mortgage servicing rights, net	67,413	42,752
Real estate and other repossessed assets	75,243	29,179
Bankers' acceptances	8,260	12,913
Derivative contracts	462,971	452,604
Cash surrender value of bank-owned life insurance	241,792	237,006
Receivable on unsettled securities trades	237,200	239,474
Other assets	394,997	385,815
Total assets	$ 22,768,319	$ 22,734,648
Liabilities and Shareholders' Equity		
Noninterest-bearing demand deposits	$ 2,825,179	$ 3,082,379
Interest-bearing deposits:		
Transaction	7,091,471	6,562,350
Savings	166,806	154,635
Time (includes fair value: $520,245 at June 30, 2009; $632,754 at December 31, 2008; $103,678 at June 30, 2008)	4,571,933	5,183,243
Total deposits	14,655,389	14,982,607
Funds purchased and repurchase agreements	2,798,274	3,025,399
Other borrowings	2,152,177	1,522,054
Subordinated debentures	398,465	398,407
Accrued interest, taxes and expense	119,003	133,220
Bankers' acceptances	8,260	12,913

Derivative contracts	445,463	667,034
Other liabilities	125,126	132,902
Total liabilities	20,702,157	20,874,536
Shareholders' equity:		
Common stock ($.00006 par value; 2,500,000,000 shares authorized; shares issued and outstanding: June 30, 2009 - 70,092,396; December 31, 2008 - 69,884,749; June 30, 2008 - 69,811,531)	4	4
Capital surplus	747,624	743,411
Retained earnings	1,502,993	1,427,057
Treasury stock (shares at cost: June 30, 2009 - 2,417,954; December 31, 2008 - 2,411,663; June 30, 2008 - 2,323,143)	(101,601)	(101,329)
Accumulated other comprehensive loss	(98,448)	(222,886)
Total shareholders' equity	2,050,572	1,846,257
Non-controlling interest	15,590	13,855
Total equity	2,066,162	1,860,112
Total liabilities and equity	$ 22,768,319	$ 22,734,648

See accompanying notes to consolidated financial statements.

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

	Common Stock		Accumulated Other Comprehensive	Capital	Retained	Treasury Stock		Sh
	Shares	Amount	Loss	Surplus	Earnings	Shares	Amount	
Balances at December 31, 2007	69,465	$ 4	$ (31,234)	$ 722,088	$1,332,954	2,159	$ (88,428)	$1
Effect of implementing FAS 159, net of income taxes	-	-	-	-	62	-	-	
Comprehensive income:								
Net income from BOKF	-	-	-	-	61,104	-	-	
Non-controlling interest expense, net	-	-	-	-	-	-	-	
Other comprehensive loss, net of tax	-	-	(33,144)	-	-	-	-	
Comprehensive income								
Treasury stock purchase	-	-	-	-	-	91	(4,655)	
Exercise of stock options	347	-	-	10,661	-	73	(4,026)	
Tax benefit on exercise of stock options	-	-	-	1,132	-	-	-	
Stock-based compensation	-	-	-	4,522	-	-	-	
Cash dividends on common stock	-	-	-	-	(28,664)	-	-	
Capital calls, net	-	-	-	-	-	-	-	

Balances at June 30, 2008	69,812	$ 4	$ (64,378)	$ 738,403	$1,365,456	2,323	$(97,109)	$1
Balances at December 31, 2008	69,885	$ 4	$(222,886)	$ 743,411	$1,427,057	2,412	$ (101,329)	$1
Comprehensive income:								
Net income from BOKF	-	-	-	-	107,147	-	-	
Non-controlling interest expense, net	-	-	-	-	-	-	-	
Other comprehensive loss, net of tax	-	-	124,438	-	-	-	-	
Comprehensive income								
Exercise of stock options	207	-	-	2,048	-	6	(272)	
Tax benefit on exercise of stock options	-	-	-	(585)	-	-	-	
Stock-based compensation	-	-	-	2,750	-	-	-	
Cash dividends on common stock	-	-	-	-	(31,211)	-	-	
Capital calls	-	-	-	-	-	-	-	
Balances at June 30, 2009	70,092	$ 4	$ (98,448)	$ 747,624	$1,502,993	2,418	$(101,601)	$2

See accompanying notes to consolidated financial statements.

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

	Six Months
	2009
Cash Flows From Operating Activities:	
Net income before non-controlling interest	$ 107,605
Adjustments to reconcile net income to net cash provided by operating activities:	
Provision for credit losses	92,160
Change in fair value of mortgage servicing rights	(9,820)
Unrealized losses from derivatives	21,875
Tax benefit on exercise of stock options	585
Change in bank-owned life insurance	(4,786)
Stock-based compensation	2,750
Depreciation and amortization	28,761
Net (accretion) amortization of securities discounts and premiums	6,119
Realized gains on financial instruments and other assets	(40,771)
Mortgage loans originated for resale	(1,715,763)
Proceeds from sale of mortgage loans held for resale	1,539,800
Capitalized mortgage servicing rights	(25,268)
Change in trading securities, including mortgage trading securities	157,809
Change in accrued revenue receivable	(22,045)
Change in other assets	(119,836)
Change in accrued interest, taxes and expense	(14,217)
Change in other liabilities	(7,441)

Net cash provided by (used in) operating activities	(2,483)
Cash Flows From Investing Activities:	
Proceeds from maturities of investment securities	35,147
Proceeds from maturities of available for sale securities	1,290,008
Purchases of investment securities	(62,736)
Purchases of available for sale securities	(3,593,463)
Proceeds from sales of available for sale securities	1,710,776
Loans originated or acquired net of principal collected	682,167
Net payments or proceeds on derivative asset contracts	264,564
Net change in other investment assets	-
Proceeds from disposition of assets	9,939
Purchases of assets	(25,435)
Net cash provided by (used in) investing activities	310,967
Cash Flows From Financing Activities:	
Net change in demand deposits, transaction deposits and savings accounts	284,092
Net change in time deposits	(605,407)
Net change in other borrowings	402,998
Net payments or proceeds on derivative liability contracts	(301,580)
Net change in derivative margin accounts	(173,102)
Change in amount receivable (due) on unsettled security transactions	2,274
Issuance of common and treasury stock, net	1,776
Tax benefit on exercise of stock options	(585)
Repurchase of common stock	-
Dividends paid	(31,211)
Net cash provided by (used in) financing activities	(420,745)
Net decrease in cash and cash equivalents	(112,261)
Cash and cash equivalents at beginning of period	694,942
Cash and cash equivalents at end of period	$ 582,681
Cash paid for interest	$ 141,757
Cash paid for taxes	$ 70,919
Net loans transferred to repossessed real estate and other assets	$ 57,119

See accompanying notes to consolidated financial statements.

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Notes to Consolidated Financial Statements (Unaudited)

(1) Significant Accounting Policies

Basis of Presentation

The unaudited consolidated financial statements of BOK Financial Corporation ("BOK Financial" or "the Company") have been prepared in accordance with accounting principles for interim financial information generally accepted in the United States and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Certain prior period amounts have been reclassified to conform to current period classification. Previously, the Company reported minority interest as part of other liabilities. This balance is now reported as part of total equity on the consolidated balance sheet.

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

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

Newly Adopted and Pending Accounting Policies

Financial Accounting Standards Board

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

FAS 141R replaces FAS 141, "Business Combinations," and applies to all transactions and other events in which one entity obtains control over one or more other businesses. FAS 141R requires an acquirer, upon initially obtaining control of another entity, to recognize the assets, liabilities and any non-controlling interest in the acquiree at fair value as of the acquisition date. Contingent consideration is required to be recognized and measured at fair value on the date of acquisition rather than at a later date when the amount of that consideration may be determinable beyond a reasonable doubt. This fair value approach replaces the cost-allocation process required under FAS 141 whereby the cost of an acquisition was allocated to the individual assets acquired and liabilities assumed based on their estimated fair value. FAS 141R requires acquirers to expense acquisition-related costs as incurred rather than allocating such costs to the assets acquired and liabilities assumed, as was previously the case under FAS 141. Under FAS 141R, the requirements of FAS 146, "Accounting for Costs Associated with Exit or Disposal Activities," would have to be met in order to accrue for a restructuring plan in purchase accounting. Pre-acquisition contingencies are to be recognized at fair value, unless it is a non-contractual contingency that is not likely to materialize, in which case, nothing should be recognized in purchase accounting and, instead, that contingency would be subject to the probable and estimable recognition criteria of FAS 5, "Accounting for Contingencies." FAS 141R is applicable to the Company's accounting for business combinations closing on or after January 1, 2009.

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

The Financial Accounting Standards Board ("FASB") issued FAS 160 during 2007 to establish accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. FAS 160 clarifies that a non-controlling interest in a subsidiary, which is sometimes referred to as minority interest, is an ownership interest in the consolidated entity that should be reported as a component of equity in the consolidated financial statements. Among other requirements, FAS 160 requires consolidated net income to be reported at amounts that included the amounts attributable to both the parent and the non-controlling interest. It also requires disclosure, on the face of the consolidated income statement, of the amounts of consolidated net income attributable to the parent and to the non-controlling interest. The Company adopted FAS 160 as of January 1, 2009, and it did not have a significant impact on the Company's financial statements.

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

FAS 161 amends and expands the disclosure requirements of FAS 133 to provide greater transparency about (i) how and why an entity uses derivative instruments, (ii) how derivative instruments and related hedge items are accounted for under FAS 133 and its related interpretations, and (iii) how derivative instruments and related hedged items affect an entity's financial position, results of operations and cash flows. To meet those objectives, FAS 161 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of gains and losses on derivative instruments and disclosures about credit-risk-related contingent features in derivative agreements. FAS 161 was effective for the Company as of January 1, 2009. It did not have a significant impact on the Company's financial statements.

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

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

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

FSP 115-2 was issued April 9, 2009 to provide additional guidance and create greater clarity and consistency in accounting for impairment losses on securities. FSP 115-2 replaces the assertion of intent and ability to hold an impaired debt security until fair value recovers with assertions that the holder does not intend to sell the security prior to recovery and that it is more likely than not that the holder will not be required to sell the impaired security prior to recovery. The full impairment loss is recognized in earnings if the holder is unable to make these assertions. Otherwise, a credit loss portion of the impairment is recognized in earnings and the remaining impairment is recognized in other comprehensive income (equity). Both the full impairment and credit loss portion are presented on the face of the income statement. FSP 115-2 also requires additional disclosures in interim periods. FAS 115-2 is effective for interim and annual periods ending after June 15, 2009. Early adoption for interim and annual periods ending after March 15, 2009 is permitted. FSP 115-2, which was adopted as of March 31, 2009, reduced the loss recognized in earnings on debt securities determined to be other-than-temporarily impaired by $39 million.

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

FSP 107-1 enhances consistency in financial reporting by increasing the frequency of fair value disclosures for any financial instruments that are not currently reflected on the balance sheet at fair value. Previously, these disclosures were only required in annual financial statements. FSP 107-1 requires disclosures in interim financial statements that provide qualitative and quantitative information about fair value estimates. FSP 107-1 is effective for interim and annual periods ending after June 15, 2009. Early adoption for interim and annual periods ending after March 15, 2009 is permitted. BOK Financial adopted FSP 107-1 as of June 30, 2009. It did not have a significant impact on the Company's financial statements.

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

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

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Statement of Financial Accounting Standards No. 165, "Subsequent Events" ("FAS 165")

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

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

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

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

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

Statement of Financial Accounting Standards No. 168, "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles, a Replacement of FASB Statement No. 162," ("FAS 168")

FAS 168 replaces FAS 162, "The Hierarchy of Generally Accepted Accounting Principles" and establishes the FASB Accounting Standards Codification (the "Codification") as the source of authoritative accounting principles recognized by the FASB to be applied by non-governmental entities in the preparation of financial statements in conformity with generally accepted accounting principles. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative guidance for SEC registrants. All guidance contained in the Codification carries an equal level of authority. All non-grandfathered, non-SEC accounting literature not included in the Codification is superseded and deemed non-authoritative. FAS 168 will be effective for the Company's financial statements for periods ending after September 15, 2009. FAS 168 is not expected have a significant impact on the Company's financial statements.

(2) Securities

Investment Securities

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

	June 30,					
	2009					
	Amortized	Fair	Gross Unrealized		Amortized	Fai
	Cost	Value	Gain	Loss	Cost	Val
Municipal and other tax-exempt	$263,393	$267,298	$ 4,357	$(452)	$239,145	$259,
Other debt securities	6,451	6,472	21	-	6,609	6,
Total	$269,844	$273,770	$ 4,378	$(452)	$245,754	$266,

The amortized cost and fair values of investment securities at June 30, 2009, by contractual maturity, are as shown in the following table (dollars in thousands):

	Less than One Year	One to Five Years	Six to Ten Years	Over Ten Years	
Municipal and other tax-exempt:					
Amortized cost	$ 63,101	$ 164,548	$28,009	$ 7,735	
Fair value	63,481	167,708	28,425	7,684	
Nominal yield(1)	5.39	4.65	5.79	6.38	
Other debt securities:					
Amortized cost	$ 4,988	$ 1,450	$ -	$ 13	$

Fair value	5,004	1,455	-	13	
Nominal yield	3.18	5.13	-	-	
Total fixed maturity securities:					
Amortized cost	$ 68,089	$ 165,998	$ 28,009	$ 7,748	$
Fair value	68,485	169,163	28,425	7,697	
Nominal yield	5.23	4.65	5.79	6.37	
Total investment securities:					
Amortized cost					
Fair value					
Nominal yield					
					-

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

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Available for Sale Securities

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

	June 30,					
	2009					
	Amortized	Fair	Gross Unrealized		Amortized	
	Cost	Value	Gain	Loss	Cost	V
U.S. Treasury	$ 6,993	$ 7,073	$ 80	$ -	$ 10,982	$
Municipal and other tax-exempt	42,423	43,009	617	(31)	17,447	
Residential mortgage-backed securities:						
U. S. agencies:						
FNMA	3,047,648	3,130,098	83,173	(723)	2,098,540	2,
FHLMC	1,951,564	2,003,808	54,280	(2,036)	1,802,473	1,
GNMA	447,287	451,516	5,318	(1,089)	60,652	
Other	199,025	204,297	6,302	(1,030)	129,805	
Total U.S. agencies	5,645,524	5,789,719	149,073	(4,878)	4,091,470	4,
Private issue:						
Alt-A loans	357,037	254,424	-	(102,613)	415,361	
Jumbo-A loans	1,090,211	919,888	-	(170,323)	1,272,346	1,
Total private issue	1,447,248	1,174,312	-	(272,936)	1,687,707	1,
Total residential mortgage-backed securities	7,092,772	6,964,031	149,073	(277,814)	5,779,177	5,
Other debt securities	11,684	11,684	-	-	39	
Federal Reserve Bank stock	32,040	32,040	-	-	27,855	
Federal Home Loan Bank stock	115,368	115,368	-	-	120,056	
Perpetual preferred stock	19,224	16,317	-	(2,907)	32,473	
Equity securities and mutual funds	32,661	35,151	3,014	(524)	29,801	

Total	$7,353,165	$7,224,673	$ 152,784	$(281,276)	$ 6,017,830	$5,

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The amortized cost and fair values of available for sale securities at June 30, 2009, by contractual maturity, are as shown in the following table (dollars in thousands):

	Less than One Year	One to Five Years	Six to Ten Years	Over Ten Years
U.S. Treasuries:				
Amortized cost	$ 6,993	$ -	$ -	$ -
Fair value	7,073	-	-	-
Nominal yield	2.16	-	-	-
Municipal and other tax-exempt:				
Amortized cost	$ -	$ 3,176	$ 16,024	$ 23,223
Fair value	-	3,318	16,456	23,235
Nominal yield(1)	-	3.99	4.12	0.78
Other debt securities:				
Amortized cost	$ -	$ 34	$ -	$ 11,650
Fair value	-	34	-	11,650
Nominal yield(1)	-	6.55	-	7.61
Total fixed maturity securities:				
Amortized cost	$ 6,993	$ 3,210	$ 16,024	$ 34,873
Fair value	7,073	3,352	16,456	34,885
Nominal yield	2.16	4.02	4.12	3.06
Residential mortgage-backed securities:				
Amortized cost				
Fair value				
Nominal yield(4)				
Equity securities and mutual funds:				
Amortized cost				
Fair value				
Nominal yield				
Total available-for-sale securities:				
Amortized cost				
Fair value				
Nominal yield				

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

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

	Three Months Ended June 30		Six Months Ended June 30	
	2009	2008	2009	2008
Proceeds	$ 1,155,995	$ 393,925	$ 1,710,776	$ 1,470,
Gross realized gains	16,670	2,936	38,896	8,
Gross realized losses	-	(2,660)	-	(5,2
Related federal and state income tax expense	5,835	97	13,476	1,

Gross realized gains for the six months ended June 30, 2008 exclude $6.8 million gain from the redemption of Visa, Inc. Class B common stock.

Mortgage trading securities are mortgage-backed securities issued by U.S. government agencies that have been designated as an economic hedge of the mortgage servicing rights and are separately identified on the balance sheet. These securities are carried at fair value. Changes in fair value are recognized in earnings as they occur. As of June 30, 2009, mortgage trading securities are carried at their $223 million fair value and had a net unrealized gain of $1.4 million. The Company recognized net losses of $10.2 million and $12.3 million on mortgage trading securities in the second quarter and first half of 2009, respectively. The Company recognized net losses of $5.5 million and $5.3 million in the second quarter and first half of 2008, respectively.

Temporarily Impaired Securities as of June 30, 2009
(In Thousands)

	Number of Securities	Less Than 12 Months Fair Value	Less Than 12 Months Unrealized Loss	12 Months or Longer Fair Value	12 Months or Longer Unrealize Loss
Investment:					
Municipal and other tax exempt	62	$ 32,722	$ 280	$ 8,074	$ 172
Available for sale:					
Municipal and other tax-exempt	1	643	31	-	-
Residential mortgage-backed securities:					
U. S. agencies:					
FNMA	13	156,381	595	107,048	128
FHLMC	12	325,286	2,036	-	-
GNMA	4	127,661	1,089	-	-
Other	4	64,272	1,030	-	-
Total U.S. agencies	33	673,600	4,750	107,048	128
Private issue:					
Alt-A loans	28	-	-	254,424	102,613
Jumbo-A loans	87	97,380	8,989	822,509	161,334
Total private issue	115	97,380	8,989	1,076,933	263,947

Total residential mortgage-backed securities	148	770,980	13,739	1,183,981	264,075
Perpetual preferred stock	8	7,968	988	8,350	1,919
Equity securities and mutual funds	8	2,681	524	38	-
Total available for sale	165	782,272	15,282	1,192,369	265,994
Total	227	$ 814,994	$ 15,562	$1,200,443	$ 266,166

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

	Number of Securities	Less Than 12 Months Fair Value	Less Than 12 Months Unrealized Loss	12 Months or Longer Fair Value	12 Months or Longer Unrealize Loss
Investment:					
Municipal and other tax exempt	163	$ 25,444	$ 291	$ 31,332	$ 487
Available for sale:					
U.S. Treasury	1	6,949	33	-	-
Municipal and other tax-exempt	25	6,807	107	1,692	53
Residential mortgage-backed securities:					
U. S. agencies:					
FNMA	140	867,867	19,935	364,189	5,350
FHLMC	117	295,331	11,398	580,421	7,743
GNMA	30	42,405	483	10,246	152
Other	2	47,658	1,588	-	-
Total U.S. agencies	289	1,253,261	33,404	954,856	13,245
Private issue:					
Alt-A loans	28	91,328	9,925	295,455	18,653
Jumbo-A loans	76	186,560	5,529	938,820	41,180
Total private issue	104	277,888	15,454	1,234,275	59,833
Total residential mortgage-backed securities	393	1,531,149	48,858	2,189,131	73,078
Perpetual preferred stock	8	4,982	18	18,214	303
Equity securities and mutual funds	17	-	-	10,474	784
Total available for sale	444	1,549,887	49,016	2,219,511	74,218
Total	607	$ 1,575,331	$ 49,307	$2,250,843	$ 74,705

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

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

For debt securities, management determines whether it intends to sell or if it is more-likely-than-not that it will be required to sell impaired securities. This determination considers current and forecasted liquidity requirements, regulatory and capital requirements and securities portfolio management. The Company identified $91 million of impaired debt securities that it intends to sell after June 30, 2009. The current fair value of these securities was below their amortized costs and the Company recognized $1.3 million in other-than-temporary impairment ("OTTI") charges on these securities during the second quarter of 2009.

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

Impaired debt securities are divided into two groups, those rated investment grade by all nationally-recognized rating agencies and those rated below investment grade by at least one of the nationally-recognized rating agencies. Impairment of debt securities consistently rated investment grade is considered temporary unless specific contrary information is identified. None of the debt securities rated investment grade were considered to be other-than-temporarily impaired at June 30, 2009.

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

	U.S. Govt / GSE (1)		AAA - AA		A - BBB		Not Rated o Investment	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	
Held-to-Maturity:								
Municipal and other tax-exempt	$-	$-	$53,186	$53,722	$62,278	$62,847	$147,929	$
Other debt securities	-	-	-	-	600	600	5,851	
Total	$-	$-	$53,186	$53,722	$62,878	$63,447	$153,780	$
Available for Sale:								
U.S. Treasury	$ 6,993	$ 7,073	$ -	$ -	$ -	$ -	$ -	$
Municipal and other tax-exempt	-	-	30,537	31,012	7,231	7,314	4,655	
Residential mortgage-backed securities:								
U. S. agencies:								
FNMA	3,047,648	3,130,098	-	-	-	-	-	
FHLMC	1,951,564	2,003,808	-	-	-	-	-	
GNMA	447,287	451,516	-	-	-	-	-	

Other	199,025	204,297	-	-	-	-	-	
Total U.S. agencies	5,645,524	5,789,719	-	-	-	-	-	
Private issue:								
Alt-A loans	-	-	46,204	41,290	43,409	32,192	267,424	
Jumbo-A loans	-	-	726,777	633,986	125,146	109,530	238,288	
Total private issue	-	-	772,981	675,276	168,555	141,722	505,712	
Total residential mortgage-backed securities	5,645,524	5,789,719	772,981	675,276	168,555	141,722	505,712	
Other debt securities	-	-	6,700	6,700	2,400	2,400	2,584	
Federal Reserve Bank stock	32,040	32,040	-	-	-	-	-	
Federal Home Loan Bank stock	115,368	115,368	-	-	-	-	-	
Perpetual preferred stock	-	-	-	-	19,224	16,317	-	
Equity securities and mutual funds	-	-	-	-	-	-	32,661	
Total	$5,799,925	$5,944,200	$810,218	$712,988	$197,410	$ 167,753	$545,612	$

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

Approximately $506 million of our portfolio of privately issued mortgage-backed securities (based on amortized cost before impairment charges) was rated below investment grade by at least one of the nationally-recognized rating agencies. The aggregate unrealized loss on these securities totaled $148 million. Ratings by the nationally recognized rating agencies are subjective in nature and accordingly rating can vary significantly amongst the agencies. Limitations generally expressed by the rating agencies include statements that ratings do not predict the specific percentage default likelihood over any given period of time and that ratings do not opine on expected loss severity of an obligation should the issuer default. As such, the impairment of securities rated below investment grade by at least one of the nationally-recognized rating agencies was evaluated to determine if we expect not to recover the entire amortized cost basis of the security. This evaluation was based on projections of estimated cash flows based on individual loans underlying each security using current and anticipated increases in unemployment and default rates, decreases in housing prices and increases in loss severity at foreclosure. The primary assumptions used in this evaluation were:

- Unemployment rates - increasing to 10.5% over the next 12 months, dropping to 8% for the following 12 months, and holding at 8% thereafter.
- Housing price depreciation - starting with current depreciated housing prices based on information derived from the Federal Housing Finance Agency data, decreasing by an additional 10% over the next twelve months and holding at that level thereafter.
- Loss severity - held constant at 27% of the then-current depreciated housing price at estimated foreclosure date.

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

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

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

Adjusted LTV Ratio	Amortized Cost	Fair Value
<70 %	$ 44,977	$ 36,349
70 <75	173,271	119,027
75 <80	191,193	140,770
80 <85	85,350	52,204
>= 85	10,921	8,964
Total	$ 505,712	$ 357,314

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

Credit enhancement coverage ratio is an estimate of credit enhancement available to absorb current projected losses within the pool of loans that support the security. The Company acquires the benefit of credit enhancement by investing in super-senior tranches for many of our mortgage-backed securities. Subordinated tranches held by other investors are specifically designed to absorb losses before the super-senior tranches which effectively doubled the typical credit support for these types of bonds. Current projected losses consider depreciation of home prices based on FHFA data, estimated costs and additional losses to liquidate collateral and delinquency status of the individual loans underlying the security. Management believes that a credit enhancement coverage ratio below 1.50 provides evidence that current credit enhancement may not provide sufficient cash flows of the individual loans to support our carrying value at the security level. The credit enhancement coverage ratio guideline of 1.50 times is based on standard underwriting criteria which consider loans with coverage ratios of 1.20 to 1.25 times to be well-secured. No impaired securities rated below investment grade by any one of the nationally-recognized rating agencies have credit enhancement coverage ratios below 1.50 times.

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

Based on the results of management's evaluation , the Company recognized $279 thousand of OTTI charges against earnings in the second quarter of 2009 on certain mortgage-backed securities due to further declines in the projected cash flows from these securities. OTTI of $7.0 million was recognized in earnings in the first quarter of 2009 from these same securities.

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

	Three Months Ended June 30, 2009	Six Months Ended June 30, 2009
OTTI related to perpetual preferred stocks	$ -	$ 8,008
OTTI on debt securities due to change in intent to sell	1,263	1,263
OTTI on debt securities not intended for sale	-	46,360
Less: Portion of OTTI recognized in other other comprehensive income	(279)	(39,087)
OTTI recognized in earnings related to credit losses on debt securities not intended for sale	279	7,273
Total OTTI recognized in earnings	$ 1,542	$ 16,544

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

	Three Months Ended June 30, 2009	Six Months Ended June 30, 2009
Balance of credit-related OTTI recognized on available for sale debt securities at April 1, 2009 and January 1, 2009, respectively	$ 6,994	$ -
Additions for credit-related OTTI not previously recognized	-	6,994
Additions for increases in credit-related OTTI previously recognized when there is no intent to sell and no requirement to sell before recovery of amortized cost	279	279
Balance of credit-related OTTI recognized on available for sale debt securities at June 30, 2009	$ 7,273	$ 7,273

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(3) Derivatives

The fair values of derivative contracts at June 30, 2009 are as follows (in thousands):

					Derivatives Gain (Lo	
	Assets		Liabilities		Three Months e June 30, 2	
	Notional(1)	Fair Value	Notional(1)	Fair Value	Brokerage and Trading Revenue	(Deri
Customer Risk Management Programs:						
Interest rate contracts	$4,895,898	$131,191	$5,165,943	$136,034	$ 741	$
Energy contracts	1,141,854	290,974	932,194	294,081	1,485	
Cattle contracts	20,837	960	14,189	849	131	
Foreign exchange contracts	48,644	48,237	47,956	48,237	93	
CD options	51,380	4,494	51,380	4,494	-	
Fair value before cash collateral	6,158,613	475,856	6,211,662	483,695	2,450	
Less: cash collateral	-	(17,147)	-	(38,232)	-	
Total Customer Derivatives	6,158,613	458,709	6,211,662	445,463	2,450	
Interest Rate Risk Management Programs	438,586	4,262	-	-	-	(4
Total Derivative Contracts	$6,597,199	$462,971	$6,211,662	$445,463	$2,450	$(4

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

Interest Rate Risk Management Programs

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

For the quarter ended June 30, 2009 and 2008, net interest revenue was increased by $3.9 million and $1.7 million, respectively, from the settlement of amounts receivable or payable on interest rate swaps.

The notional, fair value included in residential mortgage loans held for sale on the balance sheet and related gain (loss) included in mortgage banking revenue due to changes in the fair value of derivative contracts not designated as hedging instruments under FAS 133 (R) related to mortgage loan commitments and forward contract sales as of June 30, 2009 were (in thousands):

	Mortgage Loans Held for Sale	Mortgage

	Notional	Fair Value	Banking Revenue
Mortgage loan commitments	$572,306	$2,252	$(10,853)
Forward sales contracts	561,639	5,085	9,589
		$7,337	$ (1,264)

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(4) Mortgage Banking Activities

BOK Financial engages in mortgage banking activities through the BOk Mortgage Division of BOk. Residential mortgage loans held for sale totaled $326 million and $120 million, and outstanding mortgage loan commitments totaled $292 million and $80 million at June 30, 2009 and 2008, respectively. Mortgage loan commitments are generally outstanding for 60 to 90 days and are subject to both credit and interest rate risk. Credit risk is managed through underwriting policies and procedures, including collateral requirements, which are generally accepted by the secondary loan markets. Exposure to interest rate fluctuations is partially managed through forward sales of mortgage-backed securities and forward sales contracts. These latter contracts set the price for loans that will be delivered in the next 60 to 90 days. As of June 30, 2009, the unrealized gain recognized on forward sales contracts used to manage the mortgage pipeline interest rate risk was approximately $5.1 million. Gains on mortgage loans sold, including capitalized mortgage servicing rights, totaled $21.2 million and $5.5 million in the first half of 2009 and 2008, respectively.

At June 30, 2009, BOK Financial owned the rights to service 61,595 mortgage loans with outstanding principal balances of $6.9 billion, including $825 million serviced for affiliates. The weighted average interest rate and remaining term was 5.80% and 287 months, respectively.

For the three and six months ended June 30, 2009, mortgage banking revenue includes servicing fee income and late charges on loans serviced for others of $4.8 million and $9.4 million, respectively. For the three and six months ended June 30, 2008, mortgage banking revenue includes servicing fee income and late charges on loans serviced for others of $4.3 million and $8.6 million, respectively.

Activity in capitalized mortgage servicing rights and related valuation allowance during the six months ending June 30, 2009 is as follows (in thousands):

	Capitalized Mortgage Servicing Rights		
	Purchased	Originated	Total
Balance at December 31, 2008	$ 6,353	$ 36,399	$ 42,752
Additions, net	-	25,268	25,268
Change in fair value due to loan runoff	(1,464)	(8,963)	(10,427)
Change in fair value due to market changes	3,080	6,740	9,820
Balance at June 30, 2009	$ 7,969	$ 59,444	$ 67,413

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

Changes in fair value due to loan runoff are included in mortgage banking costs. Changes in fair value due to market changes are reported separately. Changes in fair value due to market changes during the period relate to assets held at the reporting date.

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

	June 30, 2009	December 31, 2
Discount rate - risk-free rate plus a market premium	10.51%	9.26%
Prepayment rate - based upon loan interest rate, original term and loan type	5.2% - 26.2%	8.3% - 3
Loan servicing costs - annually per loan based upon loan type	$43 - $73	$43 - $7
Escrow earnings rate - indexed to rates paid on deposit accounts with comparable average life	2.96%	2.08%

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

	<5.51%	5.51% - 6.50%	6.51% - 7.50%	> 7
Fair value	$ 32,927	$ 25,435	$ 7,306	$
Outstanding principal of loans serviced (1)	$ 2,580,000	$2,432,000	$839,000	$

(1) Excludes outstanding principal of $825 million for loans serviced for affiliates and $30 million of mortgage loans for which there are no capitalized mortgage servicing rights.

(5) Employee Benefits

BOK Financial has sponsored a defined benefit Pension Plan for all employees who satisfied certain age and service requirements. Pension Plan benefits were curtailed as of April 1, 2006. The Company recognized periodic pension cost of $1.2 million during the six months ended June 30, 2009, and none during the same period of the prior year. The Company made no Pension Plan contributions during the six months ended June 30, 2009 and June 30, 2008.

Management has been advised that the maximum and minimum allowable contributions for 2009 are $23 million and $0.4 million, respectively.

(6) Commitments and Contingent Liabilities

As described in previous filings, on April 7, 2008, AXIA and its parent, BOK, received a Wells notice from the regional office of the SEC in Los Angeles indicating that the staff was considering recommending that the SEC bring a civil injunctive action against AXIA and BOK for violations of Section 17(a) of the Securities Act of 1955, Section 10(b) of the Securities Exchange Act of 1934, Sections 206(1) and (2) of the Investment Advisors Act of 1940, and Sections 12(b) and 34(b) of the Investment Company Act of 1940. The Staff of the Securities Exchange Commission has since advised the Company that it does not intend to recommend the Commission take any action as originally contemplated by the Wells Notice received by the Company in connection with the Staff's investigation of BISYS Fund Services Ohio, Inc.

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

As a member of Visa, BOK Financial is obligated for a proportionate share of certain covered litigation losses incurred by Visa under a retrospective responsibility plan. A contingent liability was recognized for the Company's share of Visa's covered litigation liabilities. This contingent liability totaled $2.1 million at June 30, 2009. During 2008, Visa funded an escrow account to cover litigation claims, including covered litigation losses under the retrospective responsibility plan, with proceeds from its initial public offering and from available cash. BOK Financial recognized a $2.1 million receivable for its proportionate share of this escrow account.

BOK Financial received 410,562 Visa Class B shares as part of Visa's initial public offering in the first quarter of 2008. A partial redemption of Class B shares was completed and the Company received $6.8 million in cash in exchange for 158,725 Class B shares. The remaining 251,837 Class B shares are convertible into Visa Class A shares at the later of three years after the date of Visa's initial public offering or the final settlement of all covered litigation. The current exchange rate is approximately 0.5824 Class A shares for each Class B share. However, the Company's Class B shares may be diluted in the future if the escrow fund is not adequate to cover future covered litigation costs. Therefore, under currently issued accounting guidance, no value has been currently assigned to the Class B shares and no value may be assigned until the Class B shares are converted into a known number of Class A

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shares.

At June 30, 2009, Cavanal Hill Funds' assets included $1.0 billion of U.S. Treasury, $1.3 billion of cash management and $634 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 June 30, 2009. An investment in these funds is not insured by the Federal Deposit Insurance Corporation or guaranteed by BOK Financial or any of its subsidiaries. BOK Financial may, but is not obligated to purchase assets from these funds to maintain the net asset value at $1.00.

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

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

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(7) Shareholders' Equity

On July 28, 2009, the Board of Directors of BOK Financial Corporation approved a $0.24 per share quarterly common stock dividend. The quarterly dividend will be payable on August 28, 2009 to shareholders of record on August 14, 2009.

Dividends declared during the three and six months ended June 30, 2009 were $0.24 per share and $0.465 per share, respectively. Dividends declared during the three and six months ended June 30, 2008 were $0.225 per share and $0.425 per share, respectively.

Accumulated Other Comprehensive Income (Loss)

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

(In thousands)	Unrealized Gain (Loss) On Available For Sale Securities	Other Than Temporary Impairment Losses	Accumulat (Loss) o Effectiv Cash Flo Hedges
Balance at December 31, 2007	$ (22,775)	$ -	$ (1,461
Unrealized losses on securities	(120,175)	-	-
Unrealized gains on cash flow hedges	-	-	139
Tax benefit (expense) on unrealized gains (losses)	85,433	-	(54
Reclassification adjustment for losses realized and included in net income	5,081	-	161
Reclassification adjustment for tax benefit on realized losses	(3,666)	-	(63
Balance at June 30, 2008	$ (56,102)	$ -	$ (1,278
Balance at December 31, 2008	$ (204,648)	$ -	$ (1,199
Unrealized gains on securities	224,634	15,177	-
Other-than-temporary impairment losses on securities	-	(39,087)	-
Tax benefit (expense) on unrealized gains (losses)	(78,027)	8,295	-
Reclassification adjustment for (gains) losses realized and included in net income	(10,152)	-	117
Reclassification adjustment for tax expense (benefit) on realized gains (losses)	3,526	-	(45

Balance at June 30, 2009	$ (64,667)	$ (15,615)	$ (1,127

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(8) Earnings Per Share

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

	Three Months Ended		
	June 30, 2009	June 30, 2008	Ju
Numerator:			
Net income	$ 52,115	$ (1,161)	$
Earnings allocated to participating securities	(234)	3	
Numerator for basic earnings per share - income available to common shareholders	51,881	(1,158)	
Effect of reallocating undistributed earnings of participating securities	-	-	
Numerator for diluted earnings per share - income available to common shareholders	$ 51,881	$ (1,158)	$
Denominator:			
Weighted average shares outstanding	67,647,860	67,452,181	67,
Less: Participating securities included in weighted average shares outstanding	(303,283)	-	(
Denominator for basic earnings per common share	67,344,577	67,452,181	67,
Dilutive effect of employee stock compensation plans (1)	103,452	-	
Denominator for diluted earnings per common share	67,448,029	67,452,181	67,
Basic earnings per share	$ 0.77	$ (0.02)	
Diluted earnings per share	$ 0.77	$ (0.02)	
(1) Excludes employee stock options with exercise prices greater than current market price.	2,497,178	-	3,0

(9) Reportable Segments

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

	Net Interest Revenue	Other Operating Revenue(1)	Other Operating Expense	
Total reportable segments	$ 241,260	$ 242,007	$ 312,093	$
Unallocated items:				
Tax-equivalent adjustment	3,897	-	-	
Funds management and other	100,268	3,716	29,471	
BOK Financial consolidated	$ 345,425	$ 245,723	$ 341,564	$

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

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

	Net Interest Revenue	Other Operating Revenue(1)	Other Operating Expense	
Total reportable segments	$ 119,489	$ 122,025	$ 155,907	$
Unallocated items:				
Tax-equivalent adjustment	1,792	-	-	
Funds management and other	54,299	2,048	19,863	
BOK Financial consolidated	$ 175,580	$ 124,073	$ 175,770	$

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

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

	Net Interest Revenue	Other Operating Revenue(1)	Other Operating Expense	Ne
Total reportable segments	$ 251,332	$ 232,204	$ 287,618	$
Unallocated items:				
Tax-equivalent adjustment	4,238	-	-	
Funds management and other	50,497	(55,743)	25,054	
BOK Financial consolidated	$ 306,067	$ 176,461	$ 312,672	$

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

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

	Net Interest Revenue	Other Operating Revenue(1)	Other Operating Expense
Total reportable segments	$ 123,503	$ 121,346	$ 147,626
Unallocated items:			
Tax-equivalent adjustment	2,084	-	-
Funds management and other	33,352	(58,746)	11,642
BOK Financial consolidated	$ 158,939	$ 62,600	$ 159,268

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

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(10) Fair Value Measurements

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

	Carrying Value	Range of Contractual Yields	Average Repricing (in years)	Discount Rate
Cash and cash equivalents	$ 582,681			
Securities	7,801,929			
Residential mortgage - held for sale	326,363	-	-	-
Loans:				
Commercial	6,715,851	0.50 -18.00%	0.44	0.31 - 3.8
Commercial real estate	2,611,693	1.75 -18.00	1.23	0.47 - 3.8
Residential mortgage	1,833,975	4.00 -12.75	7.07	1.37 - 4.7
Consumer	908,409	2.05 -21.00	1.40	3.81
Total loans	12,069,928			
Reserve for loan losses	(263,309)			
Net loans	11,806,619			
Derivative instruments with positive fair value, net of cash margin	462,971			
Deposits with no stated maturity	10,083,456			
Time deposits	4,571,933	0.02 - 10.00	1.92	0.10 - 2.4
Other borrowings	4,950,451	1.20 - 2.92	0.08	0.10 - 0.6
Subordinated debentures	398,465	5.58	4.03	2.09
Derivative instruments with negative fair value, net of cash margin	445,463			

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

	Total	Quoted Prices in Active Markets for Identical Instruments	Significant Other Observable Inputs	Sign Unobs In
Assets:				
Trading securities	$84,548	$ 233	$74,365	$9,
Investment securities	273,770		273,770	
Available for sale securities:				
U.S. Treasury	7,073	7,073	-	
Municipal and other tax-exempt	43,009		20,407	22,
Mortgage-backed securities	6,964,031		6,964,031	
Other debt securities	11,684		34	11,
Federal Reserve Bank stock	32,040		32,040	
Federal Home Loan Bank stock	115,368		115,368	
Perpetual preferred stock	16,317		16,317	
Equity securities and mutual funds	35,151	13,620	21,531	
	7,224,673	20,693	7,169,728	34,
Mortgage trading securities	222,864		222,864	
Mortgage servicing rights	67,413			67,
Derivative contracts	462,971		462,971	
Liabilities:				
Certificates of deposit	520,245		520,245	
Derivative contracts	445,463		445,463	

(1) A reconciliation of the beginning and ending fair value of mortgage servicing rights and disclosures of significant assumptions used to determine fair value are presented in Note 4, Mortgage Banking Activities.

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

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

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

The fair value of certain municipal and other debt securities are based on significant unobservable inputs. Inputs used to estimate fair value include limited observed trades, projected cash flows, current credit rating of the issuers and, when applicable, the insurers of the debt and observed trades of similar debt. All of these securities are currently paying in accordance with their respective contractual terms. Losses reported in earnings on these securities totaled $513 thousand in the second quarter of 2009. At June 30, 2009, fair value equaled amortized cost of these securities.

Certain certificates of deposit were designated as carried at fair value as permitted by FAS 159. These certificates have been converted from fixed interest rates to variable interest rates based on LIBOR with interest rate swaps. The fair value election for these liabilities better represents the economic effect of these instruments on the Company. At June 30, 2009, the fair value and contractual principal amount of these certificates was $520 million and $517 million, respectively. Change in the fair value of these certificates of deposit resulted in an unrealized gain during the first half of 2009 of $5.9 million, which is included in Gain (Loss) on Derivatives, net on the Consolidated Statement of Earnings.

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

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(11) Federal and State Income Taxes

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Amount:				
Federal statutory tax	$ 28,229	$ (1,835)	$ 57,665	$ 32,027
Tax exempt revenue	(1,125)	(1,113)	(2,250)	(2,225)
Effect of state income taxes, net of federal benefit	2,091	(78)	4,615	2,438
Utilization of tax credits	(378)	(296)	(757)	(592)
Bank-owned life insurance	(789)	(875)	(1,578)	(1,750)
Other, net	287	1,335	(542)	1,690
Total	$ 28,315	$ (2,862)	$ 57,153	$ 31,588

	Three Months Ended June 30,		Six Months Ended June 30,	

	2009	2008	2009	2008
Percent of pretax income:				
Federal statutory tax	35%	35%	35%	35%
Tax exempt revenue	(1)	21	(1)	(2)
Effect of state income taxes, net of federal benefit	3	1	3	3
Utilization of tax credits	(1)	6	(1)	(1)
Bank-owned life insurance	(1)	17	(1)	(2)
Other, net	-	(25)	-	1
Total	35%	55%	35%	34%

(12) Financial Instruments with Off-Balance Sheet Risk

BOK Financial is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers and to manage interest rate risk. Those financial instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in BOK Financial's Consolidated Balance Sheets. Exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the notional amount of those instruments.

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

	June 30, 2009
Commitments to extend credit	$ 4,925,347
Standby letters of credit	568,961
Commercial letters of credit	13,500

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

Performance Summary

BOK Financial Corporation ("the Company") reported net income of $52.1 million or $0.77 per diluted share for the second quarter of 2009. Net income totaled $55.0 million or $0.81 per diluted share for the first quarter of 2009 and a net loss of $1.2 million or $0.02 per diluted share was recognized for the second quarter of 2008. Net income for the six months ended June 30, 2009 totaled $107.1 million or $1.58 per diluted share compared with net income of $61.1 million or $0.90 per diluted share for the six months ended June 30, 2008. The second quarter of 2008 was impacted by $87.0 million in pre-tax charges for loan and energy derivative credit exposure related to the bankruptcy filing by SemGroup LP and related entities which reduced net income for the second quarter of 2008 by approximately $57.0 million or $0.84 per diluted share.

In the second quarter of 2009, the Company incurred an $11.8 million pre-tax charge for a special assessment by the FDIC and recognized net pre-tax gains on available for sale securities of $15.2 million. In the first quarter of 2009, the Company recognized net pre-tax gains on available for sale securities of $7.2 million.

Highlights of the second quarter of 2009 included:

- Net interest revenue totaled $175.6 million, up $5.7 million compared to the first quarter of 2009. Net interest margin was 3.55% for the second quarter of 2009, up 8 basis points over the first quarter of 2009 largely due to higher loan yields and lower funding costs.

- Fees and commission revenue totaled $123.1 million for the second quarter of 2009. Mortgage banking revenue remained at relative high levels due to increased loan volume driven by government initiatives to lower national mortgage interest rates.

- Operating expenses totaled $175.8 million, up $10.0 million over the first quarter of 2009. Increased operating expenses included an $11.8 million FDIC special assessment.

- Combined reserve for credit losses totaled $274 million or 2.27% of outstanding loans at June 30, 2009, up from $262 million or 2.07% of outstanding loans at March 31, 2009. Net loans charged off and provision for credit losses were $34.9 million and $47.1 million, respectively, for the second quarter of 2009.

- Non-performing assets totaled $446 million or 3.67% of outstanding loans and repossessed assets at June 30, 2009, $414 million or 3.26% of outstanding loans and repossessed assets at March 31, 2009.

- Outstanding loan balances were $12.1 billion at June 30, 2009, down $570 million since March 31, 2009. Commercial, commercial real estate and consumer loans all decreased during the second quarter due largely to reduced customer demand.

- Average deposit balances totaled $15.3 billion for the second quarter of 2009, up $479 million compared with average deposits for the first quarter of 2009. Total period-end deposits were $14.7 billion at June 30, 2009, down $615 million since March 31, 2009 due to lower time deposit account balances. Lower time deposit account balances were due largely to maturities of brokered deposits.

- The Company's tangible common equity ratio and tier 1 common equity ratio increased to 7.55% and 9.77%, respectively, at June 30, 2009 from 6.84% and 9.58%, respectively, at March 31, 2009 due largely to lower unrealized losses on securities. The tangible common equity ratio and tier 1 common equity ratio are non-GAAP measures of capital strength used by the Company and investors based on shareholders' equity as defined by generally accepted accounting principles minus intangible assets and equity that does not benefit common shareholders such as preferred equity and equity provided by the U.S. Treasury's Troubled Asset Relief Program ("TARP") Capital Purchase Program. The Company chose not to participate in the TARP Capital Purchase Program. Tier 1 capital ratios were 9.86% at June 30, 2009 and 9.66% at March 31, 2009.

- The Company paid a cash dividend of $16.2 million or $0.24 per common share during the second quarter of 2009. On July 28, 2009, the board of directors declared a cash dividend of $0.24 per common share payable on or about August 28, 2009 to shareholders of record as of August 14, 2009.

Results of Operations

Net Interest Revenue and Net Interest Margin

Net interest revenue totaled $175.6 million for the second quarter of 2009, up $16.6 million or 10% over the second quarter of 2008 and $5.7 million over the first quarter of 2009. The increase in net interest revenue over the second quarter of 2008 was due primarily to growth in average earning assets. Improvement in net interest margin also contributed to the growth in net interest revenue.

Average earning assets for the second quarter of 2009 increased $1.6 billion or 9% compared to the second quarter of 2008, primarily due to a $1.6 billion increase in average securities. Average available for sale securities, which consist largely of U.S. government agency issued mortgage-backed securities, increased $1.4 billion. We purchase securities to supplement earnings, especially during periods of declining loan demand, and to manage the Company's interest rate risk. Average loans, net of allowance for loan losses, decreased $146 million compared to the second quarter of 2008 primarily due to growth in residential mortgage loans offset by decreases in commercial, commercial real estate and consumer loans due to reduced customer demand as a result of current economic conditions.

Growth in average earning assets was funded primarily by a $914 million increase in average deposits and borrowed funds and a $583 million decrease in average margin assets held as part of our customer derivatives programs. Average deposits increased $2.0 billion over the second quarter of 2008, partially offset by $1.1 billion decrease in average borrowed funds. Average time deposits increased $1.0 billion compared with the second quarter of 2008. Average demand deposits increased $549 million and average interest-bearing transaction accounts increased $434 million over the second quarter of 2008.

Average earning assets for the second quarter of 2009 increased $205 million compared to the first quarter of 2009, primarily due to a $542 million increase in average securities, offset by a $402 million decrease in average loans, net of allowance for loan losses. Growth in average securities was due to both additional purchases of U.S. government agency issued mortgage-backed securities and increases in the fair value of securities held by the Company. Average outstanding loans decreased primarily due to lower outstanding commercial and consumer loan balances due to reduced customer demand as a result of current economic conditions. Residential mortgage loans, excluding mortgage loans held for sale, increased $43 million due to activity stimulated by government actions to lower mortgage interest rates. Average deposits increased $479 million compared with the first quarter of 2009, including a $319 million increase in average demand deposits, a $243 million increase in average interest-bearing transaction accounts, offset by a $91 million decrease in average time deposits. Average funds purchased, repurchase agreements and other borrowed funds decreased $452 million from the first quarter of 2009.

Net interest margin was 3.55% for the second quarter of 2009, 3.47% for the first quarter of 2009 and 3.44% for the second quarter of 2008.

The cost of interest-bearing liabilities was 1.31% for the second quarter of 2009, down 116 basis points from the second quarter of 2008. The cost of interest bearing deposits decreased 101 basis points to 1.49% and the cost of funds purchased and other borrowings decreased 157 basis points to 0.86%. The cost of interest-bearing liabilities for the second quarter of 2009 was also down 19 basis points from the first quarter of 2009. The cost of interest-bearing deposits decreased 27 basis points and the cost of funds purchased and other borrowings decreased 5 basis points. The benefit to the net interest margin from earning assets funded by non-interest bearing liabilities was 21 basis points in the second quarter of 2009 compared with 30 basis points in the second quarter of 2008 and 22 basis points in the preceding quarter.

The tax-equivalent yield on earning assets was 4.65% for the second quarter of 2009, down 96 basis points from the second quarter of 2008. Loan yields decreased 116 basis points from the second quarter of 2008 to 4.64%. The securities portfolio yield was 4.54%, down 60 basis points over the second quarter of 2008. Our securities re-price as cash flow received is reinvested at current market rates. The resulting change in yield on the securities portfolio

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occurs more slowly and may not immediately move in the same direction as changes in market rates. The tax-equivalent yield on earning assets for the second quarter of 2009 was down 10 basis points from the first quarter of 2009. Yield on the securities portfolio dropped by 42 basis points while yield on the loan portfolio increased by 8 basis points.

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, the overall balance sheet composition and the previously noted widening of the spread between LIBOR and the federal funds rate may affect this general expectation.

Our overall objective is to manage the Company's balance sheet to be relatively neutral to changes in interest rates. Approximately two-thirds of our commercial and commercial real estate loan portfolios are either variable rate or fixed rate that will re-price within one year. These loans are funded primarily by deposit accounts that are either non-interest bearing, or that re-price more slowly than the loans. The result is a balance sheet that would be asset sensitive, which means that assets generally re-price more quickly than liabilities. Among the strategies that we use to achieve a relatively rate-neutral position, we purchase fixed-rate, mortgage-backed securities to offset the short-term nature of the majority of the Company's funding sources. The liability-sensitive nature of this strategy provides an offset to the asset-sensitive characteristics of our loan portfolio. We also use derivative instruments to manage our interest rate risk. Interest rate swaps with a combined notional amount of $435 million convert certain fixed rate liabilities to floating rate based on LIBOR. The purpose of these derivatives is to position our balance sheet to be relatively neutral to changes in interest rates. Net interest revenue increased $3.9 million in the second quarter of 2009, $4.3 million in the first quarter of 2009, $1.7 million in the second quarter of 2008 from periodic settlements of these contracts. This increase in net interest revenue contributed 8 basis points to net interest margin in the second quarter of 2009, 9 basis points to net interest margin in the first quarter of 2009, and 4 basis points to the second quarter of 2008. These derivative contracts are carried on the balance sheet at fair value. Changes in the fair value of these contracts are reported in income as derivatives gains or losses.

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

Table 1 - Volume / Rate Analysis
(In thousands)

	Three Months Ended June 30, 2009 / 2008	Six Mont June 30, 2
	Change Due To (1)	C

	Change	Volume	Yield / Rate	Change	V
Tax-equivalent interest revenue:					
Securities	$ 4,631	$ 14,654	$ (10,023)	$ 16,529	$
Trading securities	(284)	503	(787)	(698)	
Loans	(33,699)	2,303	(36,002)	(87,236)	1
Funds sold and resell agreements	(341)	(116)	(225)	(1,151)	
Total	(29,693)	17,344	(47,037)	(72,556)	4
Interest expense:					
Transaction deposits	(14,393)	(2,375)	(12,018)	(41,151)	(
Savings deposits	(44)	6	(50)	(173)	
Time deposits	(6,574)	8,180	(14,754)	(15,907)	1
Federal funds purchased and repurchase agreements	(13,185)	(2,309)	(10,876)	(34,009)	(
Other borrowings	(11,657)	(1,164)	(10,493)	(20,311)	
Subordinated debentures	(189)	9	(198)	(22)	
Total	(46,042)	2,347	(48,389)	(111,573)	
Tax-equivalent net interest revenue	16,349	14,997	1,352	39,017	3
Change in tax-equivalent adjustment	292			341	
Net interest revenue	$ 16,641			$ 39,358	

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

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Other Operating Revenue

Other operating revenue was $128 million for the second quarter of 2009 compared to $54 million for the second quarter of 2008. The second quarter of 2008 included a $60.7 million charge to write down SemGroup LP derivative contracts as a result of SemGroup LP's bankruptcy filing. Excluding SemGroup LP items, other operating revenue increased $14.8 million or 12% over the second quarter of 2008. Excluding SemGroup LP items, fees and commissions revenue increased $619 thousand or 1% compared with the second quarter of 2008. Net gains on securities, derivatives and other assets increased $14.2 million over the second quarter of 2008. Other operating revenue increased $2.9 million over the first quarter of 2009, including a $1.6 million increase in fees and commissions revenue and a $1.3 million increase in net gains on securities, derivatives and other assets.

Fees and commissions revenue

Diversified sources of fees and commissions revenue are a significant part of our business strategy and represented 41% of total revenue, excluding provision for credit losses and gains and losses on asset sales, securities and derivatives, for the second quarter of 2009. We believe that a variety of fee revenue sources provide an offset to changes in interest rates, values in the equity markets, commodity prices and consumer spending, all of which can be volatile. We expect continued growth in other operating revenue through offering new products and services and by expanding penetration into markets outside of Oklahoma. However, current and future economic conditions, increased competition and saturation in our existing markets could affect the rate of future increases.

Table 2 - Other Operating Revenue
(In thousands)

	Three Months Ended June 30, 2009	Three Months Ended June 30, 2008	Increase (Decrease)	% Increase (Decrease)	Three Mo Ended March 31,
Brokerage and trading revenue	$ 21,794	$ (35,462)	$57,256	161%	$
Transaction card revenue	27,533	25,786	1,747	7%	
Trust fees and commissions	16,860	20,940	(4,080)	(19%)	
Deposit service charges and fees	28,421	30,199	(1,778)	(6%)	
Mortgage banking revenue	19,882	8,203	11,679	142%	
Bank-owned life insurance	2,418	2,658	(240)	(9%)	
Margin asset fees	68	4,460	(4,392)	(98%)	
Other revenue	6,124	6,965	(841)	(12%)	
Total fees and commissions	123,100	63,749	59,351	93%	1
Gain (loss) on other assets	973	(1,149)	2,122	N/A	
Gain (loss) on derivatives, net	(1,037)	(2,961)	1,924	N/A	(
Gain on available for sale securities	16,670	276	16,394	N/A	2
Loss on mortgage hedge securities	(10,199)	(5,518)	(4,681)	N/A	(
Gain (loss) on securities, net	6,471	(5,242)	11,713	N/A	
Total other-than-temporary impairment	(1,263)	-	(1,263)	N/A	(5
Portion of loss recognized in other comprehensive income	279	-	279	N/A	(3
Net impairment losses recognized in earnings	(1,542)	-	(1,542)	N/A	(1
Total other operating revenue	$ 127,965	$ 54,397	$73,568	135%	$12
Gain (loss) on change in fair value of mortgage servicing rights	$ 7,865	$ (767)	$8,632	N/A	$

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

Brokerage and trading revenue, excluding SemGroup LP items, decreased $1.5 million or 7% over the second quarter of 2008. Securities trading increased $2.5 million or 22% over the second quarter of 2008. Increased

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mortgage lending activity increased the level of securities transactions by our mortgage banking customers. Customer hedging revenue decreased $4.4 million compared to the second quarter of 2008. Low commodity prices continued into the second quarter and reduced the level of customer hedging activity compared to the second quarter of 2008.

Brokerage and trading revenue decreased $2.9 million compared with the first quarter of 2009, including a $1.8 million decline in other institutional trading fees as volatility declined in the second quarter of 2009, a decrease of $1.2 million in investment banking revenue related to non-recurring commercial syndication fees in the first quarter of 2009 and a $910 thousand reduction in securities transactions by customers as refinancing activity began to slow in the second quarter of 2009. Decreases were offset by a $568 thousand increase in derivative fee income and a $504 thousand increase in retail brokerage fees.

Transaction card revenue depends largely on the volume and amount of transactions processed, the number of ATM locations and the number of merchants served. Transaction card revenue increased $1.7 million or 7% over the prior year primarily due to higher ATM network revenue. Transaction card revenue increased $2.1 million over the first quarter of 2009, primarily due to a $1.3 million increase in ATM network revenue and $543 thousand increase in check card revenue.

Trust fees declined $4.1 million or 19% compared to the prior year. In the second quarter of 2009, approximately $1.0 million of fees related to administration of the Cavanal Hill Funds and our cash management sweep fund were voluntarily waived in order to maintain positive yields on these funds in the current low short-term interest rate environment. The remaining decline is primarily due to decreases in the fair value of all trust assets administered by the Company, which is the basis for a significant portion of trust fees and commissions revenue. The decline in the fair value of trust assets was primarily due to current market conditions. The fair value of trust assets administered by the Company totaled $29.2 billion at June 30, 2009 compared to $34.4 billion at June 30, 2008 and $28.7 billion at March 31, 2009.

Deposit service charges and fees were primarily impacted by a $1.1 million or 6% decrease in overdraft fees due to lower transaction volumes and a $466 thousand or 5% decrease in commercial account service charge revenue compared with the second quarter of 2008. Commercial account service charge revenue decreased during the second quarter of 2009 due to an increased earnings credit. The earnings credit, which provides a non-cash method for commercial customers to avoid incurring charges for deposit services, increases as commercial demand deposit account balances increase. In the current low interest rate environment and with the unlimited FDIC insurance coverage on such balances, average commercial demand deposit account balances were up $549 million over the second quarter of 2008.

Deposit service charges and fees increased $1.0 million compared to the first quarter of 2009 primarily due to a $1.8 million increase in overdraft fees, offset by a decrease of $657 thousand in commercial account service charge revenue. Overdraft fees are generally lower in the first quarter of each year due to seasonal factors.

Mortgage banking revenue increased $11.7 million compared to the second quarter of 2008 and $1.4 million compared to the first quarter of 2009. Revenue from originating and marketing mortgage loans increased $11.1 and $1.1 million compared to the second quarter of 2008 and the first quarter of 2009, respectively. Mortgage loans originated for sale in the secondary market totaled $1.0 billion for the second quarter of 2009, $709 million for the first quarter of 2009 and $289 million in the second quarter of 2008. Increase in mortgage loan originations are primarily due to government initiatives to lower national mortgage interest rates. Mortgage loan servicing revenue totaled $4.8 million for the second quarter of 2009, $4.6 million for the first quarter of 2009 and $4.3 million for the second quarter of 2008. The outstanding principal balance of mortgage loans serviced for others totaled $6.1 billion at June 30, 2009, $5.5 billion at March 31, 2009 and $5.1 billion at June 30, 2008. Growth in mortgage loans serviced for others is due to retaining mortgage servicing rights from mortgage loans originated. No mortgage loan servicing rights were purchased in 2008 or 2009.

Margin assets which are held primarily as part of the Company's customer derivatives programs averaged $179 million for the second quarter of 2009 compared with $762 million for the second quarter of 2008. The decrease in revenue earned on margin assets is offset by an increase in net interest revenue due to lower costs to fund the margin assets.

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Net gains on securities, derivatives and other assets

Mortgage hedge securities held as an economic hedge of the changes in fair value of mortgage servicing rights are carried at fair value. Changes in fair value of these securities are recognized in earnings as they occur. For the second quarter of 2009, losses on mortgage hedge securities of $10.2 million were partially offset with a gain on the change in the fair value of mortgage servicing rights of $7.9 million.

The Company recognized $16.7 million of gains on sales of $1.2 billion of available for sale securities in the second quarter of 2009. These securities were purchased at deep discounts near the beginning of the recent market disruption. In general, securities sold were low coupon mortgage-backed securities. These were replaced with higher coupon securities that will have superior future yields. The Company intends to sell an additional $91 million of similar securities after June 30. The current value of these securities was below their amortized cost and the Company recognized $1.3 million in other-than-temporary impairment charges on these securities during the second quarter of 2009.

The Company recognized an additional other-than-temporary impairment loss on certain mortgage-backed securities of $279 thousand in earnings during the second quarter of 2009. The Company recognized an other-than-temporary impairment loss on these mortgage-backed securities of $7.0 million in the first quarter of 2009. Other-than-temporary impairment of these mortgage-backed securities was due to declines in the projected cash flows.

The Company also recognized an $8.0 million other-than-temporary impairment in the first quarter of 2009 on a preferred stock that was downgraded below investment grade by at least one of the nationally recognized rating agencies. No other-than-temporary impairment losses were recognized on preferred stocks in the second quarter of 2009 and no other-than-temporary impairment was recognized in the second quarter of 2008.

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

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Other Operating Expense

Other operating expense increased $16.5 million or 10% compared with the second quarter of last year. Excluding changes in the fair value of mortgage servicing rights, other operating expense increased $25.1 million or 16%. Personnel expense increased $6.6 million or 7% compared with the second quarter of 2008 and non-personnel expense, excluding changes in the fair value of mortgage servicing rights, increased $18.5 million or 27% due largely to a $15.1 million increase in FDIC assessments.

Table 3 - Other Operating Expense
(In thousands)

	Three Months Ended June 30,		Increase	% Increase	March 31,	I
	2009	2008	(Decrease)	(Decrease)	2009	(D
Regular compensation	$ 58,573	$54,024	$ 4,549	8%	$54,976	
Incentive compensation:						
Cash-based	20,427	19,503	924	5%	20,586	
Stock-based	2,443	2,760	(317)	(11%)	1,409	
Total incentive compensation	22,870	22,263	607	3%	21,995	
Employee benefits	14,748	13,310	1,438	11%	15,656	
Total personnel expense	96,191	89,597	6,594	7%	92,627	
Business promotion	4,569	5,777	(1,208)	(21%)	4,428	
Professional fees and services	7,363	6,973	390	6%	6,512	
Net occupancy and equipment	15,973	15,100	873	6%	16,258	
Insurance	5,898	2,626	3,272	125%	5,638	
FDIC special assessment	11,773	-	11,773	N/A	-	
Data processing & communications	20,452	19,523	929	5%	19,306	
Printing, postage and supplies	4,072	4,156	(84)	(2%)	4,571	
Net (gains) losses on operating expenses of repossessed assets	996	(229)	1,225	535%	1,806	
Amortization of intangible assets	1,686	1,885	(199)	(11%)	1,686	
Mortgage banking costs	9,336	6,054	3,282	54%	7,467	
Change in fair value of mortgage servicing rights	(7,865)	767	(8,632)	(1,125%)	(1,955)	
Other expense	5,326	7,039	(1,713)	(24%)	7,450	
Total other operating expense	$175,770	$159,268	$ 16,502	10%	$165,794	
Number of employees (full-time equivalent)	4,434	4,137	297	7%	4,374	

Personnel expense

Regular compensation expense, which consists of salaries and wages, overtime pay and temporary personnel costs, increased $4.5 million or 8% over the second quarter of 2008 primarily due to head count and standard annual merit increases.

Incentive compensation increased $607 thousand or 3% compared to the second quarter of 2008. Cash-based incentive compensation are either intended to provide current rewards to employees who generate long-term business opportunities to the Company based on growth in loans, deposits, customer relationships and other measurable metrics or intended to compensate employees with commissions on completed transactions. The increase in cash-based incentive compensation over the second quarter of 2008 included a $757 thousand increase in commissions and incentives related to brokerage and trading revenue, partially offset by net decreases in all other cash-based

incentive compensation.

The Company also provides stock-based incentive compensation plans. Stock-based compensation plans include both equity and liability awards. Compensation expense related to liability awards increased $101 thousand compared with the second quarter of 2008 due to changes in the market value of BOK Financial common stock and other investments. The market value of BOK Financial common stock increased $4.00 per share in the second quarter of 2009 and increased $1.22 per share in the second quarter of 2008. Compensation expense for equity awards decreased $418 thousand compared with the second quarter of 2008. Expense for equity awards is based on the grant-date fair value of the awards and is unaffected by subsequent changes in fair value.

Compared to the second quarter of 2008, employee benefit expense increased primarily due to increased expenses related to payroll taxes, employee retirement plans and medical insurance costs. Medical insurance costs were up $531 thousand or 14%. The Company self-insures a portion of its employee health care coverage and these costs may be volatile.

Personnel expense increased $3.6 million compared with the first quarter of 2009 primarily due to annual merit increases in regular compensation costs and headcount. The Company generally awards annual merit increases effective April 1st for a majority of its staff.

Non-personnel operating expenses

Non-personnel operating expenses, excluding changes in the fair value of mortgage servicing rights, increased $18.5 million compared to the second quarter of 2008 primarily due to the $11.8 million FDIC insurance special assessment, a $3.2 million increase in regular FDIC insurance premiums related to previously announced increases in deposit insurance premiums and a $3.3 million increase in mortgage banking costs. Growth in non-personnel operating expense was partially offset by a $1.2 million decrease in business promotion expense primarily due to timing. Growth in mortgage banking costs included the effects of actual loan prepayments on mortgage servicing rights, provision for losses on mortgage loans sold with recourse and other costs related to increased production volume. In addition, net losses and operating expenses of repossessed assets increased $1.2 million compared to the second quarter of 2008. Real estate and other repossessed assets totaled $75 million at June 30, 2009 compared to $21 million at June 30, 2008.

Non-personnel operating expenses, excluding changes in the fair value of mortgage servicing rights, increased $12.3 million compared to the first quarter of 2009 primarily due to the $11.8 million FDIC insurance special assessment and higher mortgage banking costs. Net losses on repossessed assets decreased by $810 thousand compared to the first quarter of 2009.

Income Taxes

Income tax expense was $28.3 million or 35% of book taxable income for the second quarter of 2009 compared with an income tax benefit of $2.9 million or 55% of book taxable loss for the second quarter of 2008 and income tax expense of $28.8 million or 34% of book taxable income for the first quarter of 2009. The effective tax rate for the second quarter of 2008 includes adjustments to estimated income tax expense due to the loss incurred in the second quarter of 2008.

BOK Financial operates in numerous jurisdictions, which requires judgment regarding the allocation of income, expense and earnings under various laws and regulations of each of these taxing jurisdictions. Each jurisdiction may audit our tax returns and may take different positions with respect to these allocations. The reserve for uncertain tax positions was approximately $13 million at June 30, 2009 and was largely unchanged from December 31, 2008.

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Lines of Business

BOK Financial operates three principal lines of business: commercial banking, consumer banking and wealth management. Our principal lines of business have been re-defined from the previous year to better present the Company's organization as it has grown in markets outside of Oklahoma. The prior year information has been revised for consistent presentation. Commercial banking includes lending, treasury and cash management services and customer risk management products to small businesses, middle market and larger commercial customers. Commercial banking also includes the TransFund network. Consumer banking includes retail lending and deposit services, all mortgage banking activities and our indirect automobile lending products. Wealth management provides fiduciary services, brokerage and trading, private financial services and investment advisory services in all markets.

In addition to its lines of business, BOK Financial has a funds management unit. The primary purpose of this unit is to manage the Company's overall liquidity needs and interest rate risk. Each line of business borrows funds from and provides funds to the funds management unit as needed to support their operations. Operating results for Funds Management and Other include the effect of interest rate risk positions and risk management activities, securities gains and losses including impairment charges, the provision for credit losses in excess of net loans charged off, tax planning strategies and certain executive compensation costs that are not attributed to the lines of business. Funds Management and Other also included the FDIC special assessment charge in the second quarter of 2009. Regular increases in FDIC insurance assessments are charged to the business units.

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

The value of funds provided by the operating lines of business to the funds management unit is based on applicable Federal Home Loan Bank advance rates. Deposit accounts with indeterminate maturities, such as demand deposit accounts and interest-bearing transaction accounts, are transfer-priced at a rolling average based on expected duration of the accounts. The expected duration ranges from 30 days for certain rate-sensitive deposits to five years.

Economic capital is assigned to the business units by a capital allocation model that reflects management's assessment of risk. This model assigns capital based upon credit, operating, interest rate and market risk inherent in our business lines and recognizes the diversification benefits among the units. The level of assigned economic capital is a combination of the risk taken by each business line, based on its actual exposures and calibrated to its own loss history where possible. Average invested capital includes economic capital and amounts we have invested in the lines of business.

As shown in the following table, net income attributable to our lines of business decreased $7.5 million or 23% compared to the second quarter of 2008. The decrease was due primarily to decreased transfer pricing credit provided to business units in the second quarter of 2009 compared to the second quarter of 2008, lower fee revenue and higher operating costs in certain units. Lower interest rates decrease the transfer pricing credit provided to business units that generate lower-costing funds for the Company. This tends to shift revenue from units that provide funds to the Company, such as consumer banking. Total net interest revenue (expense) recognized by the Funds Management unit increased to $1.0 million during the second quarter of 2009 from $(4.0) million in the second quarter of 2008 due largely to changes in the transfer pricing credit. Net income of the Funds Management unit was also reduced by the FDIC special assessment of $11.8 million during the second quarter of 2009. For the second quarter of 2008, Funds management and other includes the $60.7 million charge to writedown the SemGroup LP derivatives to estimated fair value.

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

	Three months ended June 30, 2009	2008	Six months 2009
Commercial banking	$ 17,719	$ 17,413	$ 32,850
Consumer banking	5,320	6,709	14,803
Wealth management	1,690	8,092	7,195
Subtotal	24,729	32,214	54,848
Funds management and other	27,386	(33,375)	52,299
Total	$ 52,115	($ 1,161)	$107,147

Commercial Banking

Commercial banking contributed $17.7 million and $17.4 million to consolidated net income for the second quarters of 2009 and 2008, respectively. Commercial banking net income was reduced by pre-tax charges for credit losses of $22.2 million in 2009 and $34.6 million in 2008. Credit losses in 2008 included $26.0 million related to SemGroup LLP. Other operating revenue decreased $8.4 million and net interest revenue decreased $1.5 million.

Table 5 Commercial Banking
(Dollars in Thousands)

	Three Months ended June 30, 2009	2008	Increase (Decrease)	Six Months end 2009
NIR (expense) from external sources	$ 87,016	$ 114,479	$(27,463)	$ 172,615
NIR (expense) from internal sources	(13,252)	(39,254)	26,002	(25,952)
Total net interest revenue	73,764	75,225	(1,461)	146,663
Other operating revenue	33,837	42,258	(8,421)	67,261

Operating expense	56,506	54,846	1,660	110,239
Net loans charged off	22,155	34,602	(12,447)	48,796
Gain on financial instruments, net	-	-	-	-
Gain (loss) on repossessed assets, net	59	464	(405)	(1,125)
Income before taxes	28,999	28,499	500	53,764
Federal and state income tax	11,280	11,086	194	20,914
Net income	$ 17,719	$ 17,413	$ 306	$ 32,850
Average assets	$12,539,330	$13,002,607	$(463,277)	$12,686,690
Average loans	9,436,325	9,673,709	(237,384)	9,618,102
Average deposits	5,234,401	4,495,339	739,062	4,993,078
Average invested capital	1,037,370	1,076,710	(39,340)	1,056,920
Return on average assets	0.57%	0.54%	3 b.p.	0.55%
Return on invested capital	6.85	6.50	0.35	6.27
Efficiency ratio	52.51	46.68	5.83	51.53
Net charge-offs (annualized) to average loans	0.94	1.43	(0.49)	0.96

Average earning assets decreased $421 million or 4% primarily due to a $238 million decrease in loans and $196 million decrease in funds sold and resell agreements. The impact of this decrease was largely offset by improving loan spreads. Decreases in average earning assets combined with changes in the internal transfer pricing credit to reduce net interest revenue by $1.5 million.

Other operating revenue decreased $8.4 million compared to the second quarter of 2008, primarily due to declines in energy derivative activity and their associated fees due to low commodity prices. Operating expenses were up $1.6 million compared to the second quarter of 2008 largely due to increased FDIC insurance expenses as a result of an increase in deposits balances and the regular assessment rate. Repossession expenses were also up over the second quarter of 2008. The increase in net loans charged off was due primarily to increased losses on commercial real estate loans.

The average outstanding balance of loans attributed to commercial banking was $9.4 billion for the second quarter of 2009, down $237 million or 2% over the second quarter of 2008. Energy loans averaged $1.9 billion, an increase of $196 million or 11% over the first quarter of 2008. Commercial real estate loans of $1.7 billion decreased $16 million or 1% over the first quarter of 2008. Average commercial and industrial loans of $3.1 billion were down $249 million or 7% over the second quarter of 2009. Agricultural loans decreased $99 million or 35% compared to the second quarter of 2008 to $185 million. Small business loans averaged $1.8 billion, a decrease of $444 million or 20% over the second quarter of 2008.

Average deposits attributed to commercial banking were $5.2 billion for the second quarter of 2009, up $739 million or 16% over the second quarter of 2008. Treasury services balances increased $178 million or 14% and balances attributed to our commercial and industrial customers increased $506 million or 38%. Balances attributed to our energy customers increased by $30 million or 8% and balances associated with our commercial real estate customers increased slightly by $8 million or 3%. Average balances attributed to our small business customers declined slightly by $13 million or 1% compared to the second quarter of 2008.

Consumer Banking

Consumer banking services are provided through four primary distribution channels: traditional branches, supermarket branches, the 24-hour ExpressBank call center and online internet banking. Consumer banking contributed $5.3 million to consolidated net income for the second quarter of 2009, down $1.4 million compared to the second quarter of 2008.

Table 6 Consumer Banking
(Dollars in Thousands)

	Three Months ended June 30, 2009	Three Months ended June 30, 2008	Increase (Decrease)	Six Months e 2009
NIR (expense) from external sources	$ 12,878	$ 9,144	$ 3,734	$ 25,200
NIR (expense) from internal sources	21,463	28,656	(7,193)	46,565
Total net interest revenue	34,341	37,800	(3,459)	71,765
Other operating revenue	49,632	38,603	11,029	94,917
Operating expense	64,759	55,577	9,182	126,388
Net loans charged off	8,153	3,562	4,591	13,736
Increase (decrease) in fair value of mortgage service rights	7,865	(767)	8,632	9,820
Loss on financial instruments, net	(10,199)	(5,518)	(4,681)	(12,317)
Gain (loss) on repossessed assets, net	(20)	2	(22)	166
Income before taxes	8,707	10,981	(2,274)	24,227
Federal and state income tax	3,387	4,272	(885)	9,424
Net income	$ 5,320	$ 6,709	($ 1,389)	$ 14,803
Average assets	$8,766,518	$7,987,610	$778,908	$8,626,205
Average loans	2,633,624	2,540,891	92,733	2,635,012
Average deposits	6,156,665	5,690,423	466,242	6,051,901
Average invested capital	261,410	231,610	29,800	249,130
Return on average assets	0.24%	0.38%	(14 bp)	0.34%
Return on invested capital	8.16	11.65	(3.49)	11.98
Efficiency ratio	77.12	72.74	4.38	75.83
Net charge-offs (annualized) to average loans	1.24	0.56	0.68	1.04
Mortgage loans funded	$ 1,023,272	$ 288,937	$734,335	$ 1,731,833

	June 30, 2009	June 30, 2008	Increase (Decrease)
Banking locations	197	193	4
Mortgage loan servicing portfolio	$6,082,501	$5,075,285	$1,007,216

Net interest revenue from consumer banking activities decreased $3.5 million or 9% over the second quarter of 2008. Average earning assets increased $328 million or 12% from the second quarter of 2008 due to increases in mortgage hedge securities held as an economic hedge of our mortgage servicing rights, loans and funds sold to the funds management unit. The favorable impact of this growth was offset by a $6.6 million decrease related to lower internal transfer pricing credit provided to the consumer banking segment for deposits sold to our funds management unit.

Other operating revenue increased $11.0 million or 29% over the second quarter of 2008 primarily due to increased mortgage banking revenue. Loan refinancing volumes were up due to government initiatives to lower national mortgage interest rates. Operating expenses increased $9.2 million or 17% over the second quarter of 2008, including a $4.4 million increase in personnel cost due to branch expansion in Arizona, Colorado and Texas compared to the second quarter of 2008. Mortgage banking expenses increased $2.7 million due to the effect of accelerated actual loan repayments on the value of our mortgage servicing rights. FDIC insurance premiums grew $1.5 million primarily due to increased deposits balances and FDIC insurance regular assessment rates. In addition, operating expenses increased due to branch expansion in Arizona, Colorado, and Texas.

Net loans charged off totaled $8.2 million in the second quarter of 2009 and $3.6 million in the second quarter of 2008. Net indirect automobile loans charged-off increased $512 thousand and net other consumer loans charged off increased $775 thousand compared with the second quarter of 2008.

Our Consumer Banking division originates, markets and services conventional and government-sponsored mortgage loans for all of our geographical markets. During the second quarter of 2009, $1.0 billion of mortgage loans were funded compared to $289 million funded in the second quarter of 2008. Approximately 57% of our mortgage loans funded were in the Oklahoma market 11% in the Texas market and 10% in the Colorado market. Revenue from mortgage loan origination and marketing activities totaled $15.1 million in the second quarter of 2009 and $3.9 million in the second quarter of 2008. We also service $6.8 billion of mortgage loans, including $778 million of loans serviced for affiliated entities. Approximately 95% of the mortgage loans serviced were to borrowers in our primary geographical market areas. Mortgage loan servicing revenue totaled $4.8 million in the second quarter of 2009 and $4.3 million in the second quarter of 2008.

Changes in fair value of our mortgage loan servicing rights, net of economic hedge, decreased consumer banking net income by $2.3 million in the second quarter of 2009 compared with a decrease in net income of $6.3 million in the second quarter of 2008. Changes in the fair value of mortgage servicing rights and securities held as an economic hedge are due to movement in interest rates, actual and anticipated loan prepayment speeds and related factors.

The interest rate sensitivity of our mortgage servicing rights and securities held as an economic hedge is modeled over a range of +/- 50 basis points. At June 30, 2009, a 50 basis point increase in mortgage interest rates is expected to decrease the fair value of our mortgage servicing rights, net of economic hedging by $136 thousand. A 50 basis point decrease in mortgage interest rates is expected to decrease the fair value of our mortgage servicing rights, net of economic hedging by $4.3 million. Modeling changes in the value of our servicing rights due to changes in interest rates assumes stable relationships between mortgage commitment rates and discount rates and assumed prepayment speeds and actual prepayment speeds. Changes in market conditions can cause variations from these assumptions. These factors and others may cause changes in the value of our mortgage servicing rights to differ from our expectations.

Average consumer deposits in the second quarter of 2009 increased $466 million or 8% over the second quarter of 2008. Average interest-bearing transaction accounts in the second quarter of 2009 were up $58 million or 2% and average time deposits were up $335 million or 13% compared to the second quarter of 2008. Average demand deposit accounts in the second quarter of 2009 increased $73 million or 10% over the second quarter of 2008. Movement of funds among the various types of consumer deposits was largely based on interest rates and product features offered.

Wealth Management

Wealth Management contributed consolidated net income of $1.7 million in the second quarter of 2009 compared to net income of $8.1 million in the second quarter of 2008. The decrease in net income was due primarily to increased operating expenses, increased net loans charged off and lower other operating revenue.

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Table 7 Wealth Management
(Dollars in Thousands)

	Three Months ended June 30, 2009	Three Months ended June 30, 2008	Increase (Decrease)	Six Months ended 2009
NIR (expense) from external sources	$ 5,661	$ 4,111	$ 1,550	$ 9,506
NIR (expense) from internal sources	5,723	6,367	(644)	13,326
Total net interest revenue	11,384	10,478	906	22,832
Other operating revenue	38,556	40,485	(1,929)	79,829
Operating expense	42,546	36,902	5,644	84,327
Net loans charged off	4,629	809	3,820	6,558
Loss on financial instruments, net	-	(7)	7	-
Income before taxes	2,765	13,245	(10,480)	11,776
Federal and state income tax	1,075	5,153	(4,078)	4,581
Net income	$ 1,690	$ 8,092	$ (6,402)	$ 7,195
Average assets	$ 3,405,403	$ 2,409,979	$ 995,424	$3,362,535
Average loans	1,049,921	914,174	135,747	1,038,787
Average deposits	3,024,808	2,006,781	1,018,027	2,977,227
Average invested capital	216,180	202,430	13,750	209,440
Return on assets	0.20%	1.35%	(115 b.p.)	0.43%
Return on invested capital	3.14	16.08	(12.94)	6.93
Efficiency ratio	85.19	72.41	12.78	82.14
Net charge-offs (annualized) to average loans	1.76	0.35	1.41	1.26

	June 30, 2009	June 30, 2008	Increase (Decrease)
Trust assets	$29,288,041	$34,433,874	(5,145,833)

Net interest revenue for the second quarter of 2009 increased $906 thousand or 9% compared to second quarter of 2008 due to increases in average earning assets partially offset by lower internal transfer pricing credit. Earning assets of the Wealth Management unit consist primarily of funds sold to the Funds Management unit.

Other operating revenue declined $1.9 million compared to the second quarter of 2008. Declines in trust fees and commissions due to fee waivers and decreases in the fair value of trust assets were partially offset by increased trading and brokerage fees. Operating expenses increased $5.6 million compared to the second quarter of 2008 primarily related to higher personnel costs due to increased headcount and incentive compensation. Additional staffing has been added to increase penetration in markets outside of Oklahoma. Growth in non-personnel expenses was primarily due to increased FDIC insurance premiums as a result of increased deposit balances and an increase in the FDIC regular assessment rate in the second quarter of 2009 compared to the second quarter of 2008.

Growth in average assets was largely due to funds sold to the Funds Management unit. Funds provided by Wealth Management deposits, which are largely sold to the Funds Management unit, increased primarily due to an increase in non-traditional deposit products and continued movement of customer funds from managed money market products that are not on the Company's balance sheet, to deposits. Average deposits provided by the Wealth Management division increased $1.0 billion in the second quarter of 2009 compared with the second quarter of 2008. Interest-bearing transaction accounts averaged $1.8 billion for the second quarter of 2009, an increase of $352 million or 24% over the second quarter of 2008. Average time deposits were $956 million, up $676 million or 242% over last year.

At June 30, 2009 and 2008, the Wealth Management line of business was responsible for trust assets with aggregate market values of $29.3 billion and $34.4 billion, respectively, under various fiduciary arrangements. The decrease in trust assets was primarily due to general market conditions. We have sole or joint discretionary authority over $11.0

billion of trust assets at June 30, 2009 compared to $13.0 billion of trust assets at June 30, 2008. The fair value of non-managed assets was $18.2 billion at June 30, 2009 and $21.4 billion at June 30, 2008. The fair value of assets held in safekeeping totaled $7.9 billion at June 30, 2009 and $9.3 billion at June 30, 2008.

Geographical Market Distribution

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

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

	Three Months ended June 30,		Six Months
	2009	2008	2009
Oklahoma	$ 27,310	$ 9,323	$ 52,355
Texas	2,276	12,369	9,084
New Mexico	1,453	3,931	4,064
Arkansas	2,628	2,588	6,336
Colorado	436	3,336	(1,437)
Arizona	(10,987)	238	(17,443)
Kansas / Missouri	1,652	1,113	3,392
Subtotal	24,768	32,898	56,351
Funds management and other	27,347	(34,059)	50,796

Total	$ 52,115	$(1,161)	$107,147

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Oklahoma Market

Oklahoma is a significant market to the Company. Our Oklahoma offices are located primarily in the Tulsa and Oklahoma City metropolitan areas. For the second quarter of 2009, approximately 51% of our average loans, 52% of our average deposits and 52% of our consolidated net income is attributed to the Oklahoma market. In addition, all of our mortgage servicing activity and 76% of our trust assets are attributed to the Oklahoma market.

Table 9 Oklahoma
(Dollars in Thousands)

	Three Months ended June 30,		Increase	Six Months
	2009	2008	(Decrease)	2009
Net interest revenue	$ 60,127	$ 57,040	$ 3,087	$ 121,94
Other operating revenue	87,792	87,017	775	163,78
Operating expense	93,842	88,133	5,709	184,58
Net loans charged off	7,067	34,718	(27,651)	13,17
Increase (decrease) in fair value of mortgage service rights	7,865	(767)	8,632	9,82
Gain (loss) on financial instruments, net	(10,199)	(5,524)	(4,675)	(12,31
Gain (loss) on repossessed assets, net	20	344	(324)	20
Income before taxes	44,696	15,259	29,437	85,68
Federal and state income tax	17,386	5,936	11,450	33,33
Net income	$ 27,310	$ 9,323	$ 17,987	$ 52,35
Average assets	$13,425,256	$13,087,964	$ 337,292	$13,484,04
Average loans	6,305,435	6,463,506	(158,071)	6,391,76
Average deposits	7,940,597	6,551,924	1,388,673	7,754,24
Average invested capital	807,930	777,070	30,860	818,74
Return on average assets	0.82%	0.31%	51 bp	0.7
Return on invested capital	13.56	4.83	8.73	12.9
Efficiency ratio	63.44	61.18	2.26	64.6
Net charge-offs (annualized) to average loans	0.45	2.15	(1.70)	0.4

Oklahoma net income in the second quarter of 2008 was reduced by a $26.0 million pre-tax charge-off of SemGroup, LP, loans. Excluding this charge, net income generated in the Oklahoma market increased $574 thousand over the second quarter of 2008 primarily due to increased net interest revenue offset by increased operating expenses primarily due to increased FDIC insurance premiums.

Net interest revenue increased $3.1 million or 5% compared to the second quarter of 2008. Net interest revenue was impacted by a decline in average loans of $158 million compared to the second quarter of 2008, offset by improving interest spreads on loans. Strong deposit growth of $1.4 billion compared to the second quarter of 2008 was largely offset by lower internal funds transfer credit provided for deposits sold to the Funds Management unit.

Other operating revenue increased $775 thousand primarily due to increased mortgage banking revenue related to government initiatives to lower national mortgage rates and transaction card revenues, offset by lower trust fees, brokerage and trading revenue and deposit service fees and charges.

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

Changes in the fair value of mortgage servicing rights, net of changes in the fair value of financial instruments,

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decreased pre-tax income by $2.3 million in the second quarter of 2009 and $6.3 million in the second quarter of 2008.

Excluding $26.0 million charged off in the first quarter of 2008 related to SemGroup, LP, net loans charged off increased by $848 thousand.

Average deposits in the Oklahoma market for the second quarter of 2009 increased $1.4 billion over the second quarter of 2008. The increase came primarily from commercial and wealth management units, including trust, broker/dealer and private banking. Consumer banking also contributed to deposit growth.

Texas Market

Texas is our second largest market. Our Texas offices are located primarily in Dallas, Fort Worth and Houston metropolitan areas. Approximately 30% of our average loans, 24% of our average deposits and 4% of our consolidated net income is attributed to the Texas market.

Table 10 Texas
(Dollars in Thousands)

	Three Months ended June 30,		Increase	Six Months
	2009	2008	(Decrease)	2009
Net interest revenue	$ 33,751	$ 37,930	$ (4,179)	$ 68,588
Other operating revenue	10,264	11,972	(1,708)	23,591
Operating expense	34,106	29,599	4,507	66,197
Net loans charged off	6,278	1,099	5,179	11,722
Gain (loss) on repossessed assets, net	(75)	122	(197)	(67
Income before taxes	3,556	19,326	(15,770)	14,193
Federal and state income tax	1,280	6,957	(5,677)	5,109
Net income	$ 2,276	$ 12,369	$(10,093)	$ 9,084
Average assets	$ 5,800,944	$5,222,814	$578,130	$ 5,775,332
Average loans	3,694,715	3,588,761	105,954	3,767,884
Average deposits	3,619,200	3,313,169	306,031	3,506,710

Average invested capital	549,550	544,170	5,380	548,300
Return on average assets	0.16%	0.95%	(79 bp)	0.32
Return on invested capital	1.66	9.14	(7.48)	3.34
Efficiency ratio	77.49	59.31	18.18	71.81
Net charge-offs (annualized) to average loans	0.68	0.12	0.56	0.62

Net income in the Texas market decreased by $10.1 million compared to the second quarter of 2008 primarily due to increased net loans charged off and operating expenses and decreased net interest revenue.

Net interest revenue decreased $4.2 million or 11% compared to the second quarter of 2008. Average outstanding loans increased $106 million or 3% over the second quarter of 2008. Average deposits increased $306 million. The benefit of an increase in average loans and deposits was largely offset by the reduced benefit from funds sold to the funds management unit.

Other operating revenue declined $1.7 million or 14% compared to the second quarter of 2008 primarily due to declines in energy derivative activity and their associated fees due to low commodity prices compared to the second quarter of 2008 and losses on mortgage loans not yet sold due to declining interest rates, offset by increased gains on mortgages sold during the second quarter of 2009 compared to the second quarter of 2008 due to increased loan refinancing activity. Operating expenses increased $4.5 million or 15% over the second quarter of last year primarily due to higher personnel costs and the FDIC insurance premiums due to increased deposit balances and

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assessment rate.

Net loans charged off increased $5.2 million to 0.68% of average loans, compared to 0.12% of average loans for the second quarter of 2009.

Other Markets

For the second quarter of 2009, net income attributable to our New Mexico market totaled $1.5 million or 3% of consolidated net income, down from $3.9 million in the second quarter of 2008. The decrease in net income attributed to New Mexico resulted primarily from lower net interest revenue due to lower internal funds transfer credit provided for deposits sold to the Funds Management unit.

For the second quarter of 2009, net income in the Arkansas market increased $40 thousand over the second quarter to $2.6 million. Increased securities trading revenue at our Little Rock office was primarily offset by higher personnel costs. Average deposits in our Arkansas market were up $79 million or 120% over the second quarter of 2008 due primarily to commercial banking deposits. Consumer and Wealth Management deposits also increased over the second quarter of 2008.

For the second quarter of 2009, net income in the Colorado market decreased $2.9 million compared to the second quarter of 2008. The decrease was primarily due to increases in net loans charged off and the FDIC insurance premiums in the second quarter of 2009. Average loans increased $146 million over the second quarter of 2008 and average deposits increased $102 million.

We incurred a net loss of $11.0 million in the Arizona market in the second quarter of 2009 compared with net income of $238 thousand in the second quarter of 2008. The loss was primarily due to an increase in net commercial real estate loans charged off of $14.3 million compared to the second quarter of 2008 and increased operating expenses related to the opening of 3 branch locations in the first quarter of 2009. Approximately $5.4 million of loans charged off in the second quarter of 2009 relate to loans in the Tucson market which the Company is no longer operating. Average loans declined $25.9 million compared to the second quarter of 2008 and average deposits grew by $51.5 million compared to the second quarter of 2008. The positive deposit growth was offset by lower internal funds transfer credit provided for deposits sold to the Funds Management unit.

Consistent with plans when we first acquired Valley Commerce Bank in Phoenix, the Company's objective is to focus on growth in commercial and small business lending in the Arizona market. We currently have approximately $17 million of goodwill in the Arizona market. The majority of this goodwill is attributed to commercial banking. Future goodwill impairment analysis will depend largely on our ability to meet these growth projections.

We continue to grow in the Kansas City market. Net income for the second quarter of 2009 increased $539 thousand or 48% over the second quarter of 2008 due largely to growth in other operating revenue. Total average deposits increased $173 million over the second quarter of 2008.

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Table 11 New Mexico
(Dollars in Thousands)

	Three Months ended June 30, 2009	Three Months ended June 30, 2008	Increase (Decrease)	Six Months e 2009
Net interest revenue	$ 8,320	$ 10,066	$(1,746)	$ 16,788
Other operating revenue	5,549	6,298	(749)	11,919
Operating expense	10,046	8,905	1,141	19,182
Net loans charged off	1,444	1,025	419	1,949
Gain (loss) on repossessed assets, net	-	-	-	(925
Income before taxes	2,379	6,434	(4,055)	6,651
Federal and state income tax	926	2,503	(1,577)	2,587
Net income	$ 1,453	$ 3,931	$(2,478)	$ 4,064
Average assets	$ 1,809,355	$1,759,045	$50,310	$ 1,781,718
Average loans	832,214	839,536	(7,322)	829,815
Average deposits	1,151,349	1,027,233	124,116	1,132,838
Average invested capital	100,960	114,860	(13,900)	100,760
Return on average assets	0.32%	0.90%	(58 bp)	0.46
Return on invested capital	5.77	13.76	(7.99)	8.13
Efficiency ratio	72.43	54.42	18.01	66.82
Net charge-offs (annualized) to average loans	0.69	0.49	0.20	0.47

Table 12 Arkansas
(Dollars in Thousands)

	Three Months ended June 30, 2009	Three Months ended June 30, 2008	Increase (Decrease)	Six Months en 2009

Net interest revenue	$ 3,022	$ 2,797	$ 225	$ 5,97
Other operating revenue	9,156	7,377	1,779	20,19
Operating expense	7,031	5,157	1,874	13,96
Net loans charged off	845	781	64	1,83
Loss on repossessed assets, net	-	-	-	(
Income before taxes	4,302	4,236	66	10,37
Federal and state income tax	1,674	1,648	26	4,03
Net income	$ 2,628	$ 2,588	$ 40	$ 6,33
Average assets	$ 505,461	$ 474,753	$30,708	$ 505,04
Average loans	422,855	437,654	(14,799)	429,05
Average deposits	145,550	66,306	79,244	142,78
Average invested capital	35,660	34,240	1,420	34,01
Return on average assets	2.09%	2.19%	(10 bp)	2.5
Return on invested capital	29.56	30.40	(0.84)	37.5
Efficiency ratio	57.74	50.69	7.05	53.3
Net charge-offs (annualized) to average loans	0.80	0.71	0.09	0.8

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Table 13 Colorado
(Dollars in Thousands)

	Three Months ended June 30,		Increase	Six Months e
	2009	2008	(Decrease)	2009
Net interest revenue	$ 9,376	$ 8,655	$ 721	$ 18,454
Other operating revenue	4,093	4,725	(632)	9,262
Operating expense	10,200	7,904	2,296	19,236
Net loans charged off	2,888	17	2,871	10,889
Gain on repossessed assets, net	333	-	333	57
Income before taxes	714	5,459	(4,745)	(2,352
Federal and state income tax	278	2,123	(1,845)	(915
Net income	$ 436	$ 3,336	$(2,900)	$ (1,437
Average assets	$ 2,010,030	$1,819,416	$ 190,614	$2,013,557
Average loans	962,455	816,695	145,760	969,583
Average deposits	1,169,336	1,066,988	102,348	1,155,557
Average invested capital	161,660	162,290	(630)	144,660
Return on average assets	0.09%	0.74%	(65 bp)	-0.14
Return on invested capital	1.08	8.27	(7.19)	-2.00
Efficiency ratio	74.08	59.07	15.01	69.40
Net charge-offs (annualized) to average loans	1.19	0.01	1.18	2.24

Table 14 Arizona
(Dollars in Thousands)

	Three Months ended June 30, 2009	2008	Increase (Decrease)	Six Months e 2009
Net interest revenue	$ 2,922	$ 4,959	$(2,037)	$ 5,769
Other operating revenue	105	385	(280)	1,149
Operating expense	4,556	3,625	931	8,942
Net loans charged off	16,214	1,329	14,885	26,295
Gains (losses) on repossessed assets, net	(239)	-	(239)	(229
Income before taxes	(17,982)	390	(18,372)	(28,548
Federal and state income tax	(6,995)	152	(7,147)	(11,105
Net income (loss)	$ (10,987)	$ 238	$ (11,225)	$ (17,443
Average assets	$ 665,372	$ 643,029	$ 22,343	$ 659,749
Average loans	577,234	603,101	(25,867)	582,320
Average deposits	182,403	130,929	51,474	164,539
Average invested capital	84,600	78,780	5,820	86,280
Return on average assets	-6.62%	0.15%	(677 bp)	-5.30
Return on invested capital	-52.09	1.22	(53.31)	-40.77
Efficiency ratio	150.51	67.83	82.68	129.26
Net charge-offs (annualized) to average loans	10.98	0.88	10.10	8.91

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Table 15 Kansas / Missouri
(Dollars in Thousands)

	Three Months ended June 30, 2009	2008	Increase (Decrease)	Six Months e 2009
Net interest revenue	$ 1,964	$ 1,970	$ (6)	$ 3,686
Other operating revenue	4,747	3,298	1,449	10,547
Operating expense	3,806	3,441	365	7,948
Net loans charged off	201	5	196	733
Income before taxes	2,704	1,822	882	5,552
Federal and state income tax	1,052	709	343	2,160
Net income	$ 1,652	$ 1,113	$ 539	$ 3,392
Average assets	$ 494,514	$ 382,737	$111,777	$ 452,754
Average loans	324,773	369,368	(44,595)	318,403
Average deposits	207,438	34,214	173,224	165,534
Average invested capital	25,170	30,590	(5,420)	23,850
Return on average assets	1.34%	1.17%	17 bp	1.50%
Return on invested capital	26.33	14.63	11.70	28.68

Efficiency ratio	56.71	65.32	(8.61)	55.84
Net charge-offs (annualized) to average loans	0.25	0.01	0.24	0.46

Financial Condition

Securities

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

Investment securities, which consist primarily of Oklahoma municipal bonds, are carried at cost and adjusted for amortization of premiums or accretion of discounts. At June 30, 2009, investment securities were carried at $270 million and had a fair value of $274 million.

Available for sale securities, which may be sold prior to maturity, are carried at fair value. Unrealized gains or losses, less deferred taxes, are recorded as accumulated other comprehensive income in shareholders' equity. The amortized cost of available for sale securities totaled $7.4 billion at June 30, 2009, up $100 million compared with March 31, 2009. Mortgage-backed securities represented 97% of total available for sale securities. The Company holds no debt securities of corporate issuers or mortgage-backed securities holding pools of commercial real estate loans.

A primary risk of holding mortgage-backed securities comes from extension during periods of rising interest rates or prepayment during periods of falling interest rates. We evaluate this risk through extensive modeling of risk both before making an investment and throughout the life of the security. The expected duration of the mortgage-backed securities portfolio was approximately 1.9 years at June 30, 2009. Management estimates that the expected duration would extend to approximately 2.8 years assuming an immediate 300 basis point upward rate shock. The effect of falling interest rates from current low levels is not expected to be significant.

Mortgage-backed securities also have credit risk from delinquency or default of the underlying loans. The Company mitigates this risk by primarily investing in securities issued by U.S. government agencies. Principal and interest

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payments on the underlying loans are either fully or partially guaranteed. At June 30, 2009, approximately $5.6 billion of the Company's mortgage-backed securities, based on amortized cost, were issued by U.S. government agencies. The fair value of these mortgage-backed securities totaled $5.8 billion at June 30, 2009. The Company also holds amortized cost of $1.4 billion in mortgage-backed securities privately issued by publicly-owned financial institutions. The fair value of our portfolio of privately issued mortgage-backed securities totaled $1.2 billion at June 30, 2009.

The Company's portfolio of mortgage-backed securities originated by private issuers consists primarily of $1.1 billion of Jumbo-A mortgage loans and $357 million of Alt-A mortgage loans. Jumbo-A mortgage loans generally meet government agency underwriting standards, but have loan balances that exceed agency maximums. Alt-A mortgage loans generally do not have sufficient documentation to meet government agency underwriting standards. Credit risk on mortgage-backed securities originated by private issuers is mitigated by investment in senior tranches with additional collateral support. None of these securities are backed by sub-prime mortgage loans, collateralized debt obligations or collateralized loan obligations. Approximately 89% of these securities, including all Alt-A mortgage-backed securities originated in 2007 and 2006, are credit enhanced with additional collateral support. Approximately 85% of our Alt-A mortgage-backed securities represents pools of fixed-rate mortgage loans. None of the adjustable rate mortgages are payment option ARMs.

Our portfolio of available for sale securities also included preferred stocks issued by six financial institutions. These stocks were originally purchased for $46 million and had a June 30, 2009 carrying value of $24 million. Our carrying value of these stocks was reduced by $22 million of other-than-temporary impairment charges in prior quarters. At June 30, 2009, the aggregate fair value of these securities was $30 million.

During the second quarter of 2009, preferred shares with a carrying value of $5.2 million and fair value of $14 million were converted to common shares by one of the issuing financial institutions. These shares are now included in equity securities and mutual funds. The current carrying value and aggregate fair value of the remaining preferred stocks was $19 million and $16 million, respectively, at June 30, 2009. The aggregate unrealized loss on these preferred stocks decreased by $5.4 million in the second quarter of 2009 and no additional other-than-temporary impairments were recorded. These preferred stocks have certain debt-like features such as a quarterly dividend based on LIBOR. However, the issuers of these stocks have no obligation to redeem them. Management believes that the fair value of these securities will recover to our carrying value as spreads to LIBOR return to a range of 400 basis points to 500 basis points over a 24-month to 36-month period beginning June 30, 2008, the most recent date that the fair value of these securities equaled our carrying value.

On a quarterly basis, the Company performs separate evaluations on debt and equity securities to determine if the unrealized losses are temporary as more fully described in Note 2 to the financial statements. The Company intends to sell certain U.S. government agency issued residential mortgage-backed securities after June 30, 2009. The current fair value of these securities was below their amortized costs and the Company recognized $1.3 million in other-than-temporary impairment charges on these securities in the second quarter of 2009. In addition, the Company recognized a $279 thousand other-than-temporary impairment charge against earnings in the second quarter of 2009 related to certain residential mortgage-backed securities that the Company does not intend to sell due to further declines in the projected cash flows of these securities. Other-than-temporary impairment of $7.0 million was recognized in earnings in the first quarter of 2009 from these same securities.

Certain government agency issued residential mortgage-backed securities, identified as mortgage trading securities, have been designated as economic hedges of mortgage servicing rights. These securities are carried at fair value with changes in fair value recognized in current period income. These securities are held with the intent that gains or losses will offset changes in the fair value of mortgage servicing rights.

The Company also maintains a separate trading portfolio. Trading portfolio securities, which are also carried at fair value with changes in fair value recognized in current period income, are acquired and held with the intent to sell at a profit to the Company.

Bank-Owned Life Insurance

The Company has approximately $242 million of bank-owned life insurance at June 30, 2009. This investment is expected to provide a long-term source of earnings to support existing employee benefit programs. Approximately

$208 million is
held in separate accounts. The Company's separate account holdings are invested in diversified portfolios of investment-grade fixed income securities and cash equivalents, including U.S. Treasury and Agency securities, mortgage-backed securities, corporate debt, asset-backed and CMBS securities. The portfolios are managed by unaffiliated professional managers within parameters established in the portfolio's investment guidelines. The cash surrender value of certain life insurance policies is further supported by a stable value wrap, which protects against changes in the fair value of the investments. At June 30, 2009, the cash surrender value represented by the underlying fair value of investments held in separate accounts was approximately $211 million. As the underlying fair value of the investments held in a separate account at June 30, 2009 exceeded the net book value of the investments, no cash surrender value was supported by the stable value wrap. The stable value wrap is provided by a well-rated, domestic financial institution. The remaining cash surrender value of $30 million primarily represented the cash surrender value of policies held in general accounts and other amounts due from various insurance companies.

Loans

The aggregate loan portfolio before allowance for loan losses totaled $12.1 billion at June 30, 2009, a $570 million decrease since March 31, 2009.

Table 16 - Loans
(In thousands)

	June 30, 2009	March 31, 2009	Dec. 31, 2008	Sept. 3 2008
Commercial:				
Energy	$ 2,203,558	$ 2,329,237	$ 2,311,813	$ 2,099,9
Services	1,884,097	1,962,297	2,038,451	1,975,6
Wholesale/retail	1,027,532	1,133,275	1,165,099	1,199,2
Manufacturing	496,496	514,748	497,957	519,4
Healthcare	765,285	747,299	777,154	778,8
Agriculture	157,759	193,863	197,629	229,4
Other commercial and industrial	181,124	220,811	423,500	471,2
Total commercial	6,715,851	7,101,530	7,411,603	7,273,8
Commercial real estate:				
Construction and land development	818,837	879,368	926,226	968,5
Retail	413,789	424,565	371,228	375,9
Office	490,044	486,065	459,357	470,3
Multifamily	306,175	344,227	316,596	268,6
Industrial	129,239	150,488	149,367	151,1
Other real estate loans	453,609	447,368	478,474	479,3
Total commercial real estate	2,611,693	2,732,081	2,701,248	2,713,9
Residential mortgage:				
Permanent mortgage	1,362,505	1,339,957	1,273,275	1,193,4
Home equity	471,470	479,993	479,299	476,4
Total residential mortgage	1,833,975	1,819,950	1,752,574	1,669,9

Consumer:				
Indirect automobile	582,380	650,370	692,615	721,3
Other consumer	326,029	335,985	317,966	300,8
Total consumer	908,409	986,355	1,010,581	1,022,2
Total	$ 12,069,928	$ 12,639,916	$ 12,876,006	$ 12,679,9

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

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

	June 30, 2009	March 31, 2009	Dec. 31, 2008	Sept. 3 2008
Oklahoma:				
Commercial	$ 2,918,478	$ 3,119,362	$ 3,356,520	$ 3,368,8
Commercial real estate	855,742	881,620	843,576	827,3
Residential mortgage	1,249,104	1,234,417	1,196,924	1,134,0
Consumer	521,431	562,021	579,809	580,2
Total Oklahoma	$ 5,544,755	$ 5,797,420	$ 5,976,829	$ 5,910,4
Texas:				
Commercial	$ 2,182,756	$ 2,277,186	$ 2,353,860	$ 2,205,1
Commercial real estate	741,199	816,830	825,769	853,6
Residential mortgage	345,780	337,044	315,438	307,6
Consumer	196,752	214,134	212,820	214,1
Total Texas	$ 3,466,487	$ 3,645,194	$ 3,707,887	$ 3,580,6
New Mexico:				
Commercial	$ 380,378	$ 393,180	$ 418,732	$ 442,6
Commercial real estate	313,190	315,511	286,574	281,0
Residential mortgage	90,944	99,805	98,018	95,1
Consumer	18,826	19,900	18,616	18,2
Total New Mexico	$ 803,338	$ 828,396	$ 821,940	$ 837,1
Arkansas:				
Commercial	$ 97,676	$ 99,955	$ 103,446	$ 104,6
Commercial real estate	133,026	133,227	134,015	127,9
Residential mortgage	19,015	17,145	16,875	16,9
Consumer	152,620	168,971	175,647	183,5

Total Arkansas	$ 402,337	$ 419,298	$ 429,983	$ 433,0
Colorado:				
Commercial	$ 595,858	$ 675,223	$ 660,546	$ 598,5
Commercial real estate	269,923	267,035	261,820	266,7
Residential mortgage	58,557	59,120	53,875	49,6
Consumer	14,097	14,599	16,141	18,3
Total Colorado	$ 938,435	$ 1,015,977	$ 992,382	$ 933,2
Arizona:				
Commercial	$ 215,540	$ 211,953	$ 211,356	$ 213,8
Commercial real estate	262,607	285,841	319,525	326,6
Residential mortgage	58,265	61,605	62,123	58,8
Consumer	3,229	5,261	6,075	5,5
Total Arizona	$ 539,641	$ 564,660	$ 599,079	$ 604,8
Kansas / Missouri:				
Commercial	$ 325,165	$ 324,671	$ 307,143	$ 340,1
Commercial real estate	36,006	32,017	29,969	30,6
Residential mortgage	12,310	10,814	9,321	7,6
Consumer	1,454	1,469	1,473	2,1
Total Kansas / Missouri	$ 374,935	$ 368,971	$ 347,906	$ 380,6
Total BOK Financial loans	$ 12,069,928	$ 12,639,916	$ 12,876,006	$ 12,679,9

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Commercial

The commercial loan portfolio decreased $386 million during the second quarter of 2009 to $6.7 billion at June 30, 2009. The decrease in outstanding commercial loans was primarily due to decreases of $126 million in energy sector loans and $106 million in wholesale/retail sector loans. Commercial loan origination activity has slowed to less than amounts necessary to offset normal repayment trends in the portfolio. Additionally, committed amounts on certain collateral-dependent commercial loans have been reduced due to lower collateral values. This required partial repayment of the outstanding balances. The commercial sector of our loan portfolio is distributed as follows (in thousands):

Table 18 - Commercial Loans by Principal Market Area

	Oklahoma	Texas	New Mexico	Arkansas	Colorado	Arizo
Energy	$1,053,660	$778,239	$ 5,984	$ 1,602	$357,380	$
Services	553,804	658,955	243,305	28,482	149,569	142,
Wholesale/retail	517,829	296,226	60,867	50,484	28,294	35,
Manufacturing	283,339	132,412	46,237	1,575	18,747	9,
Healthcare	402,665	285,885	9,614	14,627	28,844	22,
Agriculture	27,385	3,153	299	36	243	
Other commercial						

And industrial	79,796	27,886	14,072	870	12,781	4,
Total commercial loans	$2,918,478	$2,182,756	$380,378	$ 97,676	$595,858	$215,

Energy loans totaled $2.2 billion or 18% of total loans. Outstanding energy loans decreased $126 million during the second quarter of 2009 primarily due to low customer loan demand as a result of low commodity prices which has led to curtailed exploration and production of oil and gas reserves and reduced collateral value available to support outstanding balances. Approximately $1.9 billion of energy loans were to oil and gas producers, down from $2.0 billion at March 31, 2009. 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 $149 million of loans to borrowers that provide services to the energy industry, $96 million of loans to borrowers engaged in wholesale or retail energy sales and $55 million of loans to borrowers that manufacture equipment for the energy industry.

The services sector of the loan portfolio totaled $1.9 billion or 16% of total loans and consists of a large number of loans to a variety of businesses, including communications, gaming and transportation services. Outstanding loans to the service sector of the loan portfolio decreased $78 million during the second quarter of 2009 due to reduced loan demand as a result of general economic conditions. Approximately $1.1 billion of the services category is made up of loans with individual balances of less than $10 million.

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 June 30, 2009, 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 22% of its shared national credits, based on dollars committed. The Company's lending policies generally avoid loans in which we do not have the opportunity to maintain or achieve other business relationships with the customer.

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Commercial Real Estate

Commercial real estate loans totaled $2.6 billion or 21% of the loan portfolio at June 30, 2009. Over the past five years, the percentage of commercial real estate loans to our total loan portfolio ranged from 20% to 23%. The outstanding balance of commercial real estate loans decreased $120 million from the previous quarter end. The commercial real estate sector of our loan portfolio is distributed as follows (in thousands):

Table 19 - Commercial Real Estate Loans by Principal Market Area

	Oklahoma	Texas	New Mexico	Arkansas	Colorado	Arizo
Construction and land development	$ 232,922	$ 196,318	$ 83,342	$ 20,724	$163,295	$ 115
Retail	149,747	115,144	50,709	19,130	14,514	49
Office	152,540	143,782	73,985	14,008	57,393	46
Multifamily	90,117	119,004	19,532	54,667	6,200	10
Industrial	63,979	33,672	21,102	752	1,474	8

Other real estate loans	166,437	133,279	64,520	23,745	27,047	33
Total commercial real estate loans	$ 855,742	$ 741,199	$ 313,190	$ 133,026	$269,923	$ 262

Construction and land development loans decreased $61 million from March 31, 2009 to $819 million at June 30, 2009 due to payments, transfers to other real estate owned and charge-offs. This sector of the loan portfolio is expected to continue to decrease as construction projects currently in process are completed.

Loans secured by multifamily residential properties decreased $38 million, loans secured by industrial properties decreased $21 million and loans secured by retail facilities decreased $11 million. Decrease in these sectors of the loan portfolio was largely due to normal payoff of outstanding loan balances.

Residential Mortgage and Consumer

Residential mortgage loans totaled $1.8 billion, up $14 million since March 31, 2009. Permanent 1-4 family mortgage loans increased $23 million and home equity loans decreased $9 million. We have no concentration in sub-prime residential mortgage loans and our mortgage loan portfolio does not include payment option adjustable rate mortgage loans or adjustable rate mortgage loans with initial rates that are below market. Our portfolio of permanent 1-4 family mortgage loans includes $114 million of community development loans. Approximately $1.2 billion of our residential mortgage loans portfolio is attributed to borrowers in Oklahoma and $346 million to borrowers in Texas.

At June 30, 2009, consumer loans included $582 million of indirect automobile loans. Approximately $358 million of these loans were purchased from dealers in Oklahoma and $147 million were purchased from dealers in Arkansas. The remaining $77 million were purchased from dealers in Texas. Indirect automobile loans decreased $68 million since March 31, 2009, primarily due to the previously-disclosed decision by the Company to exit the business in the first quarter of 2009 in favor of a customer-focused direct lending approach.

Loan Commitments

BOK Financial enters into certain off-balance sheet arrangements in the normal course of business. These arrangements included loan commitments which totaled $4.9 billion and standby letters of credit which totaled $569 million at June 30, 2009. Loan commitments may be unconditional obligations to provide financing or conditional obligations that depend on the borrower's financial condition, collateral value or other factors. Standby letters of credit are unconditional commitments to guarantee the performance of our customer to a third party. Since some of these commitments are expected to expire before being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Approximately $2.2 million of the outstanding standby letters of credit were issued on behalf of customers whose loans are non-performing at June 30, 2009.

The Company also has off-balance sheet commitments for residential mortgage loans sold with full or partial recourse. These loans consist of first lien, fixed rate residential mortgage loans originated under various community development programs and sold to U.S. government agencies. These loans were underwritten to standards approved by the agencies, including full documentation. However, these loans have a higher risk of delinquency and losses given default than traditional residential mortgage loans. A separate recourse reserve is maintained as part of other liabilities. At June 30, 2009, the principal balance of loans sold subject to recourse obligations totaled $346 million, down from $379 million at March 31, 2009. Substantially all of these loans are to borrowers in our primary markets including $243 million to borrowers in Oklahoma, $39 million to borrowers in Arkansas, $19 million to borrowers in New Mexico, $17 million to borrowers in Texas and $14 million to borrowers in the Kansas City area. The separate reserve for these off-balance sheet commitments was $10.8 million at June 30, 2009. Approximately 4.30% of the loans sold with recourse with an outstanding principal balance of $15 million were either delinquent more than 90 days, in bankruptcy or in foreclosure, and 6% were past due 30 to 90 days. The provision for credit losses on loans sold with recourse, which is included in mortgage banking costs, was $3.3 million for the second quarter of 2009. Net losses charged against the reserve totaled $1.8 million for the second quarter of 2009.

Derivatives with Credit Risk

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

The customer derivative programs create credit risk for potential amounts due to the Company from its customers and from the counterparties. Customer credit risk is monitored through existing credit policies and procedures. The effects of changes in commodity prices, interest rates or foreign exchange rates are evaluated across a range of possible options to determine the maximum exposure 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 occurs if the credit standing of the customer or counterparty deteriorated such that either the fair value of underlying collateral no longer supported the contract or the customer or counterparty's ability to provide margin collateral was impaired.

Derivative contracts are carried at fair value. At June 30, 2009, the fair values of derivative contracts reported as assets under these programs totaled $476 million, down from $627 million at March 31, 2009 due primarily to cash settlements and reduced transaction volumes. At June 30, 2009, derivative contracts carried as assets included primarily energy contracts with fair values of $291 million, interest rate contracts with fair values of $131 million, and foreign exchange contracts with fair values of $48 million. The aggregate net fair values of derivative contracts reported as liabilities totaled $484 million.

At June 30, 2009, total derivative assets were reduced by $17 million of cash collateral received from counterparties and total derivative liabilities were reduced by $38 million of cash collateral paid to counterparties related to instruments executed with the same counterparty under a master netting agreement as permitted by generally accepted accounting principles.

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

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The fair value of derivative contracts reported as assets under these programs, net of cash margin held by the Company, by category of debtor at June 30, 2009 was (in thousands):

Table 20 - Fair Value of Derivative Contracts

Energy companies	$ 163,406
Customers	170,382
Banks	87,118
Exchanges	33,228
Other	4,575
Fair value of customer hedge asset derivative contracts, net	$ 458,709

The largest net amount due from a single counterparty, a domestic subsidiary of a major energy company, at June 30, 2009 was $164 million. This amount was offset by $140 million in letters of credit issued by multiple independent financial institutions.

Our customer derivative program also introduces liquidity and capital risk. We are required to provide cash margin to certain counterparties when the net negative fair value of the contracts exceeds established limits. Also, changes in commodity prices affect the amount of regulatory capital we are required to hold as support for the fair value of our derivative assets. These risks are modeled as part of the management of these programs. Based on current prices, a decrease in market prices to the equivalent of $25 per barrel of oil would increase the fair value of derivative assets by $612 million, with dealer counterparties comprising the bulk of the assets. An increase in prices to the equivalent $65 per barrel of oil would increase the fair value of derivative assets by $9 million as current prices move away from the fixed prices embedded in our existing contracts. Further increases in prices to the equivalent of $115 per barrel of oil would increase the fair value of our derivative assets by $304 million with lending customers comprising the bulk of the assets.

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Summary of Loan Loss Experience

BOK Financial maintains separate reserves for loan losses and reserves for off-balance sheet credit risk. The combined allowance for loan losses and reserve for off-balance sheet credit losses totaled $274 million or 2.27% of outstanding loans at June 30, 2009 and 78% of non-accruing loans at June 30, 2009. The allowance for loan losses was $263 million and the reserve for off-balance sheet credit losses was $11 million. At March 31, 2009, the combined allowance for loan losses and reserve for off-balance sheet credit losses totaled $262 million or 2.07% of outstanding loans and 77% of non-accruing loans at March 31, 2009.

Table 21 - Summary of Loan Loss Experience
(In thousands)

	Three Months Ended		
	June 30, 2009	March 31, 2009	Dec. 31, 2008
Reserve for loan losses:			
Beginning balance	$ 251,002	$ 233,236	$ 186,516 $
Loans charged off:			
Commercial	9,135	15,791	25,837
Commercial real estate	17,186	10,215	573
Residential mortgage	5,373	1,765	2,476
Consumer	5,715	6,764	6,795
Total	37,409	34,535	35,681
Recoveries of loans previously charged off:			
Commercial	692	356	220
Commercial real estate	83	41	7
Residential mortgage	179	214	122
Consumer	1,518	2,053	1,673
Total	2,472	2,664	2,022
Net loans charged off	34,937	31,871	33,659
Provision for loan losses	47,244	49,637	80,379
Ending balance	$ 263,309	$ 251,002	$ 233,236 $
Reserve for off-balance sheet credit losses:			
Beginning balance	$ 10,569	$ 15,166	$ 22,544 $
Provision for off-balance sheet credit losses	(124)	(4,597)	(7,378)
Ending balance	$ 10,445	$ 10,569	$ 15,166 $
Total provision for credit losses	$ 47,120	$ 45,040	$ 73,001 $
Reserve for loan losses to loans outstanding at period-end	2.18%	1.99%	1.81%
Net charge-offs (annualized) to average loans	1.13	1.00	1.05
Total provision for credit losses (annualized) to average loans	1.52	1.41	2.28
Recoveries to gross charge-offs	6.61	7.71	5.67
Reserve for loan losses as a multiple of net charge-offs (annualized)	1.88x	1.97x	1.73x
Reserve for off-balance sheet credit losses to off-balance sheet credit commitments	0.19%	0.19%	0.27%
Combined reserves for credit losses to loans outstanding at period-end	2.27	2.07	1.93

Allowance for Loan Losses

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

Specific reserves for impaired loans are determined by evaluation of estimated future cash flows, collateral value or historical statistics. Loans are considered to be impaired when it is probable that the Company will not be able to collect all amounts due according to the contractual terms of the loan agreement. This is substantially the same

criteria used to determine when a loan should be placed on non-accrual status. Generally all non-accruing commercial and commercial real estate loans are considered impaired. Substantially all impaired loans are collateralized. Collateral includes real property, inventory, accounts receivable, operating equipment, interests in mineral rights, and other property. Collateral may also include personal guaranties by borrowers and related parties.

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

Impaired loans are charged-off when the loan balance or a portion of the loan balance is no longer supported by the paying capacity of the borrower based on an evaluation of available cash resources or collateral value. No reserves are attributed to the remaining balance of loans that have been charged-down to amounts management expects to recover. Impaired loans totaled $328 million at June 30, 2009 and $309 million at March 31, 2009. At June 30, 2009, $229 million of impaired loans had $34 million of specific reserves and $99 million had no specific reserves. Impaired loans with a gross outstanding principal balance of $207 million have been charged down to an estimated recoverable balance of $99 million. Cumulative life-to-date charge-offs of loans identified as impaired at June 30, 2009 totaled $108 million, including $19 million charged off in the second quarter of 2009. At March 31, 2009, $233 million of impaired loans had $19 million of specific reserves and $76 million had no specific reserves.

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

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

The provision for credit losses is the amount necessary to maintain the allowance for loan losses at an amount determined by management to be adequate based on its evaluation. The provision for credit losses totaled $47.1 million for the second quarter of 2009, $45.0 million for the first quarter of 2009, and $59.3 million for the second quarter of 2008. Provision for the second quarter of 2008 included $26.3 million for SemGroup credit losses. Factors considered in determining the provision for credit losses for the second quarter of 2009 included trends of net charge-offs, nonperforming loans and risk grading. These trends generally have indicated increasing credit risk, though the rate of increase slowed in the second quarter of 2009.

Net Loans Charged-Off

Loans are charged off against the allowance for loan losses when the loan balance or a portion of the loan balance is no longer covered by the paying capacity of the borrower based on an evaluation of available cash resources and collateral value. Collateral values are generally evaluated annually, or more frequently for certain collateral types or collateral located in certain distressed markets. Loans are evaluated quarterly and charge-offs are taken in the quarter in which the loss is identified.

Net loans charged off during the second quarter of 2009 totaled $34.9 million compared to $31.9 million in the

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previous quarter and $39.0 million in the second quarter of 2008. Loans charged-off in the second quarter of 2008 included $26.0 million for SemGroup. The ratio of net loans charged off to average outstanding loans was 1.13% for the second quarter of 2009 compared with 1.00% for the first quarter of 2009 and 1.26% for the second quarter of 2008. Gross loans charged off in the second quarter of 2009 increased to $37.4 million from $34.5 million in the first quarter of 2009. Recoveries of loans previously charged off were $2.5 million, largely unchanged from the previous quarter.

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

Table 22 - Net Loans Charged Off

	Oklahoma	Texas	Colorado	Arkansas	New Mexico	Arizona
Commercial	$2,329	$1,327	$1,722	$ (47)	$ 760	$2,164
Commercial real estate	672	1,249	1,064	259	413	13,433
Residential mortgage	2,511	2,048	-	(3)	41	597
Consumer	1,680	1,559	102	636	200	20
Total net loans charged off	$ 7,192	$ 6,183	$ 2,888	$ 845	$ 1,414	$16,214

Net commercial loans charged off during the second quarter of 2009 included $5.7 million from the services sector of the loan portfolio and $1.7 million from the wholesale / retail sector of the loan portfolio. Commercial real estate loans charged off during the second quarter of 2009 comprised 49% of total net charge-offs and included $9.4 million in the land and residential construction sector of the loan portfolio, primarily in the Arizona market.

Consumer loan net charge-offs, which includes indirect auto loan and deposit account overdraft losses, totaled $4.2 million for the second quarter of 2009, down $514 thousand from the previous quarter. Net charge-offs of indirect auto loans totaled $2.2 million for the second quarter of 2009 and $3.0 million for the first quarter of 2009.

The Company considers the credit risk from loan commitments and letters of credit in its evaluation of the adequacy of the reserve for loan losses. A separate reserve for off-balance sheet credit risk is maintained. Table 21 presents the trend of reserves for off-balance sheet credit losses and the relationship between the reserve and loan commitments. The provision for credit losses included the combined charge to expense for both the reserve for loan losses and the reserve for off-balance sheet credit losses. All losses incurred from lending activities will ultimately be reflected in charge-offs against the reserve for loan losses following funds advanced against outstanding commitments and after the exhaustion of collection efforts.

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Nonperforming Assets

Table 23 - Nonperforming Assets
(In thousands)

	June 30, 2009	March 31, 2009	Dec. 31, 2008	Sept 20
Nonaccrual loans:				
Commercial	$ 126,510	$ 128,501	$ 134,846	$ 105
Commercial real estate	189,586	175,487	137,279	78
Residential mortgage	35,860	34,182	27,387	27
Consumer	1,037	1,065	561	
Total nonaccrual loans	352,993	339,235	300,073	211
Renegotiated loans (3)	17,479	13,623	13,039	12
Total nonperforming loans	370,472	352,858	313,112	224
Other nonperforming assets	75,243	61,383	29,179	28
Total nonperforming assets	$ 445,715	$ 414,241	$ 342,291	$ 252
Nonaccrual loans by principal market:				
Oklahoma	$ 108,490	$ 105,536	$ 108,367	$ 87
Texas	51,582	55,225	42,934	29
New Mexico	29,640	18,046	16,016	12
Arkansas	3,888	4,078	3,263	3
Colorado (4)	45,794	38,567	32,415	20
Arizona	106,076	111,772	80,994	54
Kansas / Missouri	7,523	6,011	16,084	3
Total nonaccrual loans	$ 352,993	$ 339,235	$ 300,073	$ 211
Nonaccrual loans by loan portfolio sector:				
Commercial:				
Energy	$ 53,842	$ 49,618	$ 49,364	$ 49
Manufacturing	16,975	18,248	7,343	6
Wholesale / retail	10,983	8,650	18,773	7
Agriculture	105	115	680	

Services	24,713	30,226	36,873	26
Healthcare	14,222	14,288	12,118	3
Other	5,670	7,356	9,695	10
Total commercial	126,510	128,501	134,846	105
Commercial real estate:				
Land development and construction	97,425	99,922	76,082	53
Retail	17,474	9,893	15,625	13
Office	27,685	23,305	7,637	3
Multifamily	27,827	27,198	24,950	
Industrial	527	575	6,287	
Other commercial real estate	18,648	14,594	6,698	7
Total commercial real estate	189,586	175,487	137,279	78
Residential mortgage:				
Permanent mortgage	34,149	32,848	26,233	26
Home equity	1,711	1,334	1,154	
Total residential mortgage	35,860	34,182	27,387	27
Consumer	1,037	1,065	561	
Total nonaccrual loans	$ 352,993	$ 339,235	$ 300,073	$ 211
Ratios:				
Reserve for loan losses to nonperforming loans	71.07%	71.13%	74.49%	83
Nonperforming loans to period-end loans	3.07	2.79	2.43	1
Loans past due (90 days or more) (1)	$ 32,443	$ 46,123 (2)	$ 19,123	$ 20,
(1) Includes residential mortgages guaranteed by agencies of the U.S. Government.	$ 1,337	$ 395	$ 872	$ 1
(2) Includes a $23 million loan that was paid current after March 31, 2009.				
(3) Includes residential mortgages guaranteed by agencies of the U.S. Government. These loans have been modified to extend payment terms and/or reduce interest rates to current market.	11,079	10,514	10,396	9
(4) Includes loans subject to First United Bank sellers escrow.	8,305	11,287	13,181	13

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Non-performing assets totaled $446 million or 3.67% of outstanding loans and repossessed assets at June 30, 2009, up $31 million since March 31, 2009. In addition to $353 million of non-accruing loans, non-performing assets included $17 million of restructured residential mortgage loans and $75 million of real estate and other repossessed assets. Non-performing assets included $11 million of restructured residential mortgage loans guaranteed by agencies of the U.S. government and $8 million of loans and repossessed assets acquired with First United Bank in the second quarter of 2007. The Company will be reimbursed by the sellers up to $5.3 million for any losses incurred during a three-year period after the June 2007 acquisition date.

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

Table 24 – Non-Accruing Loans by Principal Market
(In thousands)

	June 30, 2009		March 31, 2009		Change	
	Amount	% of outstanding loans	Amount	% of outstanding loans	Amount	ou
Oklahoma	$108,490	1.96%	$105,536	1.82%	$ 2,954	
Texas	51,582	1.49	55,225	1.52	(3,643)	
New Mexico	29,640	3.69	18,046	2.18	11,594	
Arkansas	3,888	0.97	4,078	0.97	(190)	
Colorado	45,794	4.88	38,567	3.80	7,227	
Arizona	106,076	19.66	111,772	19.79	(5,696)	
Kansas / Missouri	7,523	2.01	6,011	1.63	1,512	
Total	$352,993	2.92%	$339,235	2.68%	13,758	

Non-accruing loans newly identified in the second quarter of 2009 totaled $72 million. Cash payments received during the second quarter on non-accruing loans totaled $9 million, $27 million of non-accruing loans were charged-off and $20 million of non-accruing loans were transferred to real estate owned and other repossessed assets.

The majority of non-accruing loans continued to be in the Oklahoma and Arizona markets. Non-accruing loans in the Oklahoma market included $47 million of commercial energy loans related to SemGroup. Non-accruing loans in the Arizona market consisted primarily of commercial real estate loans. Growth in non-accruing loans during the second quarter was concentrated primarily in the New Mexico market due primarily to one retail commercial real estate loan and the Colorado market due primarily to one other commercial real estate loan. Non-accruing loans in the Arizona market decreased due primarily to commercial real estate loans charged-off or transferred to other real estate owned.

Non-accruing commercial loans totaled $127 million or 1.88% at June 30, 2009 and $129 million or 1.81% of total commercial loans at March 31, 2009. Non-accruing commercial loans decreased by $2.0 million during the second quarter of 2009. The distribution of non-accruing commercial loans among our various markets was:

Table 25 - Non-Accruing Commercial Loans by Principal Market
(Dollars in thousands)

	June 30, 2009		March 31, 2009		Chan
	Amount	% of outstanding loans	Amount	% of outstanding loans	Amount
Oklahoma (1)	$ 69,088	2.37%	$ 67,846	2.17%	$ 1,242
Texas	34,384	1.58	36,387	1.60	(2,003)
New Mexico	7,737	2.03	5,357	1.36	2,380
Arkansas	702	0.72	621	0.62	81
Colorado	12,849	2.16	14,554	2.16	(1,705)
Arizona	532	0.25	3,335	1.57	(2,803)
Kansas / Missouri	1,218	0.37	400	0.12	818
Total commercial	$ 126,510	1.88%	$ 128,500	1.81%	$ (1,990)

(1) Includes $47 million related to SemGroup. Subsequent to June 30, 2009, SemGroup loans with a face amount of $25 million were sold for $13.2

million. Proceeds of this sale will reduce non-accruing energy loans in the Oklahoma market in the third quarter.

Approximately $54 million of non-accruing commercial loans are in the energy sector of the portfolio, including $47 million due from SemGroup. This amount represents one-third of our pre-bankruptcy amounts due from SemGroup. Non-accruing energy sector loans increased $4.2 million over the first quarter of 2009. In addition, $25 million of non-accruing commercial loans are in the services sector of the loan portfolio. Approximately 1.31% or $25 million of all loans in the services sector of the portfolio was non-accruing at June 30, 2009, a $5.5 million decrease over the first quarter of 2009. Non-accruing loans to the manufacturing sector of the portfolio totaled $17 million or 3.42% of all loans to the manufacturing sector at June 30, 2009. Non-accruing loans to the wholesale / retail sector of the loan portfolio increased $2.3 million from March 31, 2009 to $11 million or 1.07% of all loans in the wholesale /retail sector of the loan portfolio.

Non-accruing commercial real estate loans are largely concentrated in the Arizona market. Approximately $100 million or 53% of total non-accruing commercial real estate loans are in Arizona. Total non-accruing commercial real estate loans increased $14 million during the second quarter of 2009. The increase included a $7.5 million net increase in non-accruing loans secured by retail facilities, primarily related to one borrower in the Arizona market. Non-accruing loans secured by office buildings increased $4.4 million, primarily related to one borrower in the New Mexico market. Other commercial real estate increased $4.1 million primarily related to one borrower in the Colorado market. Non-accruing residential construction and land development loans experienced a net decrease of $2.5 million which consisted primarily of a $6.2 million increase in the Colorado market offset by a $6.0 million decrease in the Arizona market and a $3.3 million decrease in the Texas market. Decreases in non-accruing residential construction and land development loans were primarily related to charge-offs and transfers to other real estate owned. The distribution of non-accruing commercial real estate loans among our various markets was:

Table 26 - Non-Accruing Commercial Real Estate Loans by Principal Market
(Dollars in thousands)

	June 30, 2009		March 31, 2009		
	Amount	% of outstanding loans	Amount	% of outstanding loans	Am
Oklahoma	$ 27,913	3.26%	$ 26,408	3.00%	$
Texas	5,031	0.68	7,545	0.92	
New Mexico	18,328	5.85	9,976	3.16	
Arkansas	1,566	1.18	2,286	1.72	
Colorado	31,588	11.70	23,183	8.68	
Arizona	100,160	38.14	102,064	35.71	
Kansas / Missouri	5,000	13.89	4,024	12.57	
Total commercial real estate	$ 189,586	7.26%	$ 175,486	6.42%	

Non-accruing residential mortgage loans primarily consist of permanent residential mortgage loans which totaled $34 million or 2.51% of outstanding residential mortgage loans at June 30, 2009, a $1.3 million increase over March 31, 2009. In addition, non-accruing home equity loans totaled $1.7 million or 0.36% of total home equity loans. The distribution of non-accruing residential mortgage loans among our various markets was:

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

	June 30, 2009		March 31, 2009	
	Amount	% of outstanding loans	Amount	% of outstanding loans
Oklahoma	$11,270	0.90%	$10,819	0.88%
Texas	11,699	3.38	10,826	3.21
New Mexico	3,493	3.84	2,680	2.69
Arkansas	1,498	7.88	1,083	6.32
Colorado	1,357	2.32	830	1.40
Arizona	5,238	8.99	6,358	10.32
Kansas / Missouri	1,305	10.60	1,586	14.67
Total residential mortgage loans	$35,860	1.96%	$34,182	1.88%

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In addition to non-accruing residential mortgage and consumer loans, payments of residential mortgage loans and consumer loans may be delinquent. The composition of residential mortgage and consumer loans past due is included in the following table. Residential mortgage loans past due 90 days or more decreased $2.2 million during the second quarter and consumer loans past due less than 90 days were relatively unchanged. Consumer loans past due 30 to 89 days increased $5.8 million including an increase indirect automobile loans 30 to 89 days past due from $17.1 million at March 31, 2009 to $20.1 million at June 30, 2009. Other consumer loans 30 to 89 days past due increased to $5.1 million at June 30, 2009 compared with $2.3 million at March 31, 2009.

Table 28 - Residential Mortgage and Consumer Loans Past Due
(In Thousands)

	June 30, 2009		March 31, 2009	
	90 Days or More	30 to 89 Days	90 Days or More	30 to 89 Days
Residential mortgage	$ 2,933	$27,079	$ 5,148	$27,970
Consumer	760	25,219	893	19,433

Real estate and other repossessed assets totaled $75 million at June 30, 2009, up from $61 million at March 31, 2009. Real estate and other repossessed assets included $43 million of 1-4 family residential properties and residential land development properties, $17 million of developed commercial real estate properties, $7 million of equipment, $5 million of undeveloped land and $2 million of automobiles. The distribution of real estate owned and other repossessed assets among our various markets included $25 million in Arizona, $17 million in Texas, $8 million in New Mexico, $7 million in Kansas City, $6 million in Arkansas, $6 million in Oklahoma and $5 million in Colorado.

Our loan review process also identified loans that possess more than the normal amount of risk due to deterioration in the financial condition of the borrower or the value of the collateral. Because the borrowers are still performing in accordance with the original terms of the loan agreements, and no loss of principal or interest is anticipated, these loans were not included in Non-performing Assets. Known information does, however, cause management concern as to the borrowers' ability to comply with current repayment terms. These potential problem loans totaled $220 million at June 30, 2009 and $132 million at March 31, 2009. The current composition of potential problem loans by primary industry included real estate - $82 million, energy production - $60 million, manufacturing - $13 million, services - $28 million and wholesale/retail - $16 million. Potential problem real estate loans included $43 million of residential development loans on properties primarily located in Texas and Colorado and $16 million of loans secured by office buildings primarily located in Arizona. Growth in potential problem loans during the second quarter included $60 million of energy production loans. Although energy production loans remain well secured, collateral coverage on certain loans has fallen below limits set by Company policy. These loans have been identified for enhanced attention by management.

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

Liquidity and Capital

Subsidiary Banks

Deposits and borrowed funds are the primary sources of liquidity for the subsidiary banks. For the second quarter of 2009, approximately 66% of our funding was provided by average deposit accounts, 18% from average borrowed funds, 2% from average long-term subordinated debt and 9% from shareholders' equity. Our funding sources primarily include deposits and borrowings from the Federal Home Loan Banks and other banks, and may include issuance of qualifying debt under the U.S. Treasury Liquidity Guarantee Program ("TLGP"). These funding sources provide adequate liquidity to meet our operating needs.

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

Average deposits totaled $15.3 billion at June 30, 2009 and represented approximately 66% of total average liabilities and capital for the second quarter of 2009, compared with $14.8 billion and 65% of total average liabilities and capital for the first quarter of 2009.

Average deposits increased $479 million over the first quarter of 2009. Average interest-bearing transaction deposit accounts continued to grow in the second quarter of 2009, up $160 million over the first quarter of 2009. Average demand deposits increased $319 million over the first quarter of 2009. Average time deposits decreased $91 million over the first quarter of 2009.

Growth in our average interest-bearing transaction deposit accounts over the first quarter of 2009 included $485 million of commercial deposits, $210 million of consumer banking deposits and $96 million of wealth management deposits. Average brokered deposits and other non-core deposits decreased $294 million.

Average commercial banking deposits were up $485 million, including an increase of $378 million from our commercial banking units and $95 million from our treasury services unit. Average consumer banking deposits increased $210 million across all of our geographical markets, including $75 million in Texas and $61 million in Oklahoma. Average wealth management time deposits increased $96 million over the first quarter of 2009, including $54 million of additional deposits generated by our broker / dealer network and $41 million generated by our trust division.

Brokered deposits and other non-core deposits averaged $913 million in the second quarter of 2009, down $313 million from the first quarter of 2009. Brokered deposits totaled $36 million at June 30, 2009 compared to $447 million at March 31, 2009. Brokered deposits were largely added in 2008 to remix wholesale funding sources in order to provide more available overnight liquidity and are being replaced by other deposit products as they mature.

The distribution of deposit accounts among our principal markets is shown in the following table.

Table 29 - Deposits by Principal Market Area
(In thousands)

	June 30, 2009	March 31, 2009	Dec. 31, 2008	Sept. 3 2008
Oklahoma:				
Demand	$ 1,451,057	$ 1,651,111	$ 1,683,374	$ 1,681,3
Interest-bearing:				
Transaction	4,374,089	4,089,838	4,117,729	4,151,4
Savings	94,048	95,827	86,476	86,9
Time	2,033,312	2,876,313	3,104,933	3,036,2
Total interest-bearing	6,501,449	7,061,978	7,309,138	7,274,6
Total Oklahoma	$ 7,952,506	$ 8,713,089	$ 8,992,512	$ 8,955,9
Texas:				
Demand	$ 1,002,266	$ 1,021,424	$ 1,067,456	$ 956,8
Interest-bearing:				
Transaction	1,660,642	1,527,399	1,460,576	1,543,9
Savings	33,992	33,867	32,071	32,4
Time	1,035,919	1,054,632	857,416	794,9
Total interest-bearing	2,730,553	2,615,898	2,350,063	2,371,2
Total Texas	$ 3,732,819	$ 3,637,322	$ 3,417,519	$ 3,328,1
New Mexico:				
Demand	$ 175,033	$ 180,308	$ 155,345	$ 176,4
Interest-bearing:				

Transaction	434,498	401,000	397,382	376,9
Savings	18,255	17,858	16,289	16,3
Time	542,388	561,300	522,894	475,5
Total interest-bearing	995,141	980,158	936,565	868,8
Total New Mexico	$ 1,170,174	$ 1,160,466	$ 1,091,910	$ 1,045,2
Arkansas:				
Demand	$ 17,261	$ 16,503	$ 16,293	$ 23,5
Interest-bearing:				
Transaction	73,972	63,924	38,566	19,1
Savings	1,031	1,100	1,083	8
Time	162,505	150,015	75,579	47,6
Total interest-bearing	237,508	215,039	115,228	67,6
Total Arkansas	$ 254,769	$ 231,542	$ 131,521	$ 91,2
Colorado:				
Demand	$ 113,895	$ 111,048	$ 116,637	$ 115,6
Interest-bearing:				
Transaction	445,521	466,276	480,113	440,8
Savings	18,144	18,905	17,660	19,3
Time	579,709	584,971	532,475	428,8
Total interest-bearing	1,043,374	1,070,152	1,030,248	889,0
Total Colorado	$ 1,157,269	$ 1,181,200	$ 1,146,885	$ 1,004,7
Arizona:				
Demand	$ 55,975	$ 54,362	$ 39,424	$ 45,7
Interest-bearing:				
Transaction	89,842	66,809	56,985	64,4
Savings	1,282	970	1,014	1,0
Time	59,775	54,923	34,290	14,4
Total interest-bearing	150,899	122,702	92,289	79,9
Total Arizona	$ 206,874	$ 177,064	$ 131,713	$ 125,6
Kansas / Missouri:				
Demand	$ 9,692	$ 16,140	$ 3,850	$ 5,5
Interest-bearing:				
Transaction	12,907	11,976	10,999	9,7
Savings	54	117	42	
Time	158,325	141,505	55,656	19,7
Total interest-bearing	171,286	153,598	66,697	29,6
Total Kansas / Missouri	$ 180,978	$ 169,738	$ 70,547	$ 35,1
Total BOK Financial deposits	$ 14,655,389	$ 15,270,421	$ 14,982,607	$ 14,586,1

In addition to deposits, subsidiary bank liquidity is provided primarily by federal funds purchased, securities repurchase agreements and Federal Home Loan Bank borrowings. Federal funds purchased consist primarily of unsecured, overnight funds acquired from other financial institutions. Funds are primarily purchased from bankers' banks and Federal Home Loan banks from across the country. The largest single source of Federal funds purchased totaled $250 million at June 30, 2009. Securities repurchase agreements generally mature within 90 days and are secured by certain available for sale securities. Federal Home Loan Bank borrowings are generally short term and are secured by a blanket pledge of eligible collateral (generally unencumbered U.S. Treasury and mortgage-backed securities, 1-4 family mortgage loans and multifamily mortgage loans). At June 30, 2009, the outstanding balance of federal funds purchased totaled $1.5 billion, securities repurchase agreements totaled $727 million and Federal Home Loan Bank borrowings totaled $1.2 billion.

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

In 2008, the subsidiary banks began borrowing funds under the Federal Reserve Bank Term Auction Facility program. This is a temporary program which allows banks that are in generally sound financial condition to bid for funds. Funds are borrowed for either 28 or 84 days and are secured by a pledge of eligible collateral. Funds borrowed under this program totaled $1.1 billion at June 30, 2009.

At June 30, 2009, the estimated unused credit available to the subsidiary banks from our traditional sources and within our internal policy limits was approximately $5.6 billion.

Parent Company

The primary source of liquidity for BOK Financial is dividends from subsidiary banks, which are limited by various banking regulations to net profits, as defined, for the year plus profits for the two preceding years. Dividends are further restricted by minimum capital requirements. Based on the most restrictive limitations, the subsidiary banks could declare up to $183 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 $22 million under this policy. Further losses or increases in required regulatory capital at the subsidiary banks could affect their ability to pay dividends to the parent company.

On July 21, 2008, the Company entered into a $188 million, unsecured revolving credit agreement with George B. Kaiser, its Chairman and principal shareholder. Interest on the outstanding balance is based on one-month LIBOR plus 125 basis points and is payable quarterly. Additional interest in the form of a facility fee is paid quarterly on the unused portion of the commitment at 25 basis points. This agreement has no restrictive covenants. The credit agreement matures in December of 2010. No amounts were outstanding under this credit agreement as of June 30, 2009.

Equity capital for BOK Financial was $2.1 billion at June 30, 2009, up $119 million from March 31, 2009. Net income less cash dividend paid increased equity $37 million. Accumulated other comprehensive losses decreased $82 million during the second quarter of 2009 primarily due to a $82 million decrease in net unrealized losses on available for sale securities. Capital is managed to maximize long-term value to the shareholders. Factors considered in 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 July 28, 2009, the Company's board of directors declared a cash dividend of $0.24 per common share payable on or about August 28, 2009 to shareholders of record as of August 14, 2009.

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

On April 26, 2005, the Board of Directors authorized a share repurchase program, which replaced a previously authorized program. The maximum of two million common shares may be repurchased. The specific timing and amount of shares repurchased will vary based on market conditions, securities law limitations and other factors. Repurchases may be made over time in open market or privately negotiated transactions. The repurchase program may be suspended or discontinued at any time without prior notice. Since this program began, 784,073 shares have been repurchased by the Company for $38.7 million. No shares were repurchased in the second quarter of 2009.

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

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

Table 30 - Capital Ratios	June 30, 2009	March 31, 2009	Dec. 31, 2008	Sept. 2008
Average total equity to average assets	8.70%	8.35%	8.57%	8.9
Tangible common equity ratio	7.55	6.84	6.64	7.1
Tier 1 common equity ratio	9.77	9.58	9.32	9.2
Risk-based capital:				
Tier 1 capital	9.86	9.66	9.40	9.3
Total capital	13.34	13.08	12.81	12.6
Leverage	7.97	7.85	7.89	7.9

Capital resources of financial institutions are also regularly measured by the tangible common equity ratio and tier 1 common equity ratio. Tangible common equity is shareholders' equity as defined by generally accepted accounting principles in the United States of America ("GAAP") less intangible assets and equity which does not benefit common shareholders. Equity that does not benefit common shareholders includes preferred equity and equity provided by the U.S. Treasury's TARP program. Tier 1 common equity is tier 1 equity as defined by banking regulations, adjusted for other comprehensive income (loss) and equity which does not benefit common shareholders. These non-GAAP measures are valuable indicators of a financial institution's capital strength since they eliminate intangible assets from shareholders' equity and retains the effect of unrealized losses on securities and other components of accumulated other comprehensive income (loss) in shareholders' equity. At June 30, 2009, BOK Financial's tangible common shareholders' equity ratio was 7.55% and tier 1 common equity ratio was 9.77%.

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

Table 31 - Non-GAAP Measures (Dollars in thousands)	June 30, 2009	March 31, 2009	Dec. 31, 2008	S
Tangible common equity ratio:				
Total shareholders' equity	$ 2,050,572	$ 1,931,300	$1,846,257	$
Less: Intangible assets, net	357,838	359,523	361,209	
Tangible common equity	1,692,734	1,571,777	1,485,048	
Total assets	22,767,983	23,333,442	22,734,648	
Less: Intangible assets, net	357,838	359,523	361,209	
Tangible assets	$22,410,145	$22,973,919	$22,373,439	$
Tangible common equity ratio	7.55%	6.84%	6.64%	
Tier 1 common equity ratio:				
Tier 1 capital	$1,807,705	$1,773,576	$1,728,926	
Less: Non-controlling interest	15,590	14,751	13,855	
Tier 1 common equity	1,792,115	1,758,825	1,715,071	
Risk weighted assets	18,338,540	18,355,862	18,401,051	
Tier 1 common equity ratio	9.77%	9.58%	9.32%	

Off-Balance Sheet Arrangements

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

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

	Six Months Ended			
	June 30, 2009			
	Average Balance	Revenue/ Expense(1)	Yield /Rate	Average Balance
Assets				
Taxable securities (3)	$ 7,340,756	$ 164,715	4.69%	$ 5,825,5
Tax-exempt securities (3)	268,935	8,182	6.14	261,9
Total securities (3)	7,609,691	172,897	4.75	6,087,5
Trading securities	112,464	2,002	3.59	74,5
Funds sold and resell agreements	39,929	44	0.22	76,5
Residential mortgage loans held for sale	233,800	5,593	4.82	96,1
Loans (2)	12,602,894	287,273	4.60	12,257,9
Less reserve for loan losses	269,490	-	-	138,2
Loans, net of reserve	12,333,404	287,273	4.70	12,119,6
Total earning assets (3)	20,329,288	467,809	4.70	18,454,4
Cash and other assets	2,568,444			2,705,6
Total assets	$ 22,897,732			$ 21,160,1
Liabilities And Shareholders' Equity				
Transaction deposits	$ 6,733,076	28,779	0.86%	$ 7,595,7
Savings deposits	163,698	213	0.26	158,3
Time deposits	5,169,267	68,038	2.65	4,150,6
Total interest-bearing deposits	12,066,041	97,030	1.62	11,904,7
Funds purchased and repurchase agreements	2,438,851	4,820	0.40	3,093,9
Other borrowings	2,054,759	5,439	0.53	1,803,9
Subordinated debentures	398,440	11,198	5.67	398,2
Total interest-bearing liabilities	16,958,091	118,487	1.41	17,200,9
Demand deposits	3,024,925			1,286,5
Other liabilities	953,375			687,6
Shareholders' equity	1,961,341			1,984,9

Total liabilities and shareholders' equity	$ 22,897,732			$ 21,160,1
Tax-Equivalent Net Interest Revenue (3)		349,322	3.29%	
Tax-Equivalent Net Interest Revenue To Earning Assets (3)			3.51	
Less tax-equivalent adjustment (1)		3,897		
Net Interest Revenue		345,425		
Provision for credit losses		92,160		
Other operating revenue		253,057		
Other operating expense		341,564		
Income Before Taxes		164,758		
Federal and state income tax		57,153		
Non-controlling interest income (expense), net		(458)		
Net Income		$ 107,147		
Earnings Per Average Common Share Equivalent:				
Net Income:				
Basic		$ 1.59		
Diluted		$ 1.58		

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

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

	Three Months Ended			
	June 30, 2009			
	Average Balance	Revenue/ Expense(1)	Yield / Rate	Average Balance
Assets				
Taxable securities (3)	$ 7,594,355	$ 80,711	4.50%	$ 7,084,34
Tax-exempt securities (3)	285,078	4,044	5.69	252,61
Total securities (3)	7,879,433	84,755	4.54	7,336,95
Trading securities	112,960	983	3.49	111,96
Funds sold and resell agreements	29,277	14	0.19	50,70
Residential mortgage loans held for sale	286,077	3,215	4.51	201,13
Loans (2)	12,403,050	143,510	4.64	12,784,76

Less reserve for loan losses	273,335	-	-	252,73
Loans, net of reserve	12,129,715	143,510	4.75	12,532,03
Total earning assets (3)	20,437,462	232,477	4.65	20,232,78
Cash and other assets	2,636,569			2,710,58
Total assets	$ 23,074,031			$ 22,943,36
Liabilities and equity				
Transaction deposits	$ 6,854,003	$ 13,362	0.78%	$ 6,610,80
Savings deposits	167,813	104	0.25	159,53
Time deposits	5,123,947	31,637	2.48	5,215,09
Total interest-bearing deposits	12,145,763	45,103	1.49	11,985,43
Funds purchased and repurchase agreements	2,316,990	1,995	0.35	2,562,06
Other borrowings	1,951,699	2,375	0.49	2,158,96
Subordinated debentures	398,456	5,632	5.67	398,42
Total interest-bearing liabilities	16,812,908	55,105	1.31	17,104,88
Demand deposits	3,183,338			2,864,75
Other liabilities	1,071,121			1,058,21
Total equity	2,006,664			1,915,51
Total liabilities and equity	$ 23,074,031			$ 22,943,36
Tax-Equivalent Net Interest Revenue (3)		$ 177,372	3.34%	
Tax-Equivalent Net Interest Revenue To Earning Assets (3)			3.55	
Less tax-equivalent adjustment (1)		1,792		
Net interest revenue		175,580		
Provision for credit losses		47,120		
Other operating revenue		127,965		
Other operating expense		175,770		
Income (loss) before taxes		80,655		
Federal and state income tax		28,315		
Non-controlling interest income (expense), net		(225)		
Net income (loss)		$ 52,115		
Earnings Per Average Common Share Equivalent:				
Net income (loss):				
Basic		$ 0.77		
Diluted		$ 0.77		

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

Three Months Ended						
December 31, 2008			September 30, 2008			Ju
Average Balance	Revenue/ Expense(1)	Yield / Rate	Average Balance	Revenue/ Expense(1)	Yield / Rate	Average Balance
$ 6,634,035	$ 87,317	5.12%	$ 6,056,909	$ 78,030	5.09%	$ 6,026,769
255,693	4,133	6.43	254,803	4,166	6.64	259,410
6,889,728	91,450	5.17	6,311,712	82,196	5.15	6,286,179
78,840	1,298	6.55	66,419	937	5.61	74,058
48,246	92	0.76	79,862	290	1.44	72,444
121,184	1,683	5.52	116,533	1,743	5.95	105,925
12,826,696	169,700	5.26	12,596,823	180,119	5.69	12,421,086
209,319	-	-	182,844	-	-	145,524
12,617,377	169,700	5.35	12,413,979	180,119	5.77	12,275,562
19,755,375	264,223	5.28	18,988,505	265,285	5.55	18,814,168
2,516,276			2,832,658			2,794,132
$ 22,271,651			$ 21,821,163			$ 21,608,300
$ 6,116,465	$ 23,161	1.51%	$ 6,565,935	$ 28,312	1.72%	$ 6,420,291
155,784	143	0.37	159,856	147	0.37	159,798
5,109,303	42,090	3.28	4,792,366	40,810	3.39	4,076,167
11,381,552	65,394	2.29	11,518,157	69,269	2.39	10,656,256
3,095,054	7,289	0.94	3,061,186	15,253	1.98	3,126,110
1,986,857	7,541	1.51	1,390,233	8,935	2.56	2,267,076
398,392	5,489	5.48	398,361	5,553	5.55	398,336
16,861,855	85,713	2.02	16,367,937	99,010	2.41	16,447,778
2,712,384			2,739,209			2,634,038
788,530			767,832			521,867
1,908,882			1,946,185			2,004,617
$ 22,271,651			$ 21,821,163			$ 21,608,300
	$ 178,510	3.26%		$ 166,275	3.14%	
						3.05
		3.57			3.48	
	2,063			1,927		
	176,447			164,348		
	73,001			52,711		
	121,447			132,286		

185,442	164,290
39,451	79,633
10,363	22,958
6,355	10
$ 35,443	$ 56,685
$ 0.53	$ 0.84
$ 0.52	$ 0.84

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

	Three Months		
	June 30, 2009	March 31, 2009	Dec.31, 2008
Interest revenue	$ 230,685	233,227	$ 262,1
Interest expense	55,105	63,382	85,7
Net interest revenue	175,580	169,845	176,4
Provision for credit losses	47,120	45,040	73,0
Net interest revenue after provision for credit losses	128,460	124,805	103,4
Other operating revenue			
Brokerage and trading revenue	21,794	24,699	23,5
Transaction card revenue	27,533	25,428	25,1
Trust fees and commissions	16,860	16,510	17,1
Deposit service charges and fees	28,421	27,405	29,2
Mortgage banking revenue	19,882	18,498	7,2
Bank-owned life insurance	2,418	2,317	2,6
Margin asset fees	68	67	1
Other revenue	6,124	6,583	5,7
Total fees and commissions	123,100	121,507	110,9
Gain (loss) on sales of assets	973	143	(7,4
Gain (loss) on derivatives, net	(1,037)	(1,664)	(2,2
Gain (loss) on securities, net	6,471	20,108	20,1
Total other-than-temporary impairment losses	(1,263)	(54,368)	
Portion of loss recognized in other comprehensive income	279	(39,366)	
Net impairment losses recognized in earnings	(1,542)	(15,002)	
Total other operating revenue	127,965	125,092	121,4
Other operating expense			
Personnel	96,191	92,627	87,6

Business promotion		4,569	4,428		7,2
Professional fees and services		7,363	6,512		7,9
Net occupancy and equipment		15,973	16,258		14,9
Insurance		5,898	5,638		3,2
FDIC special assessment		11,773	-		
Data processing and communications		20,452	19,306		19,7
Printing, postage and supplies		4,072	4,571		3,8
Net (gains) losses and expenses of repossessed assets		996	1,806		1,0
Amortization of intangible assets		1,686	1,686		1,9
Mortgage banking costs		9,336	7,467		4,9
Change in fair value of mortgage servicing rights		(7,865)	(1,955)		26,4
Visa retrospective responsibility obligation		-	-		(1,7
Other expense		5,326	7,450		8,2
Total other operating expense		175,770	165,794		185,4
Income (loss) before taxes		80,655	84,103		39,4
Federal and state income tax		28,315	28,838		10,3
Net income (loss) before non-controlling interest		52,340	55,265		29,0
Non-controlling interest income (expense), net		(225)	(233)		6,3
Net income (loss) attributable to BOK Financial Corp.	$	52,115	$ 55,032	$	35,4
Earnings (loss) per share:					
Basic	$	0.77	0.81	$	0.
Diluted	$	0.77	0.81	$	0.
Average shares used in computation:					
Basic		67,344,577	67,315,986		67,294,0
Diluted		67,448,029	67,387,102		67,456,2

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Market Risk

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

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

Responsibility for managing market risk rests with the Asset / Liability Committee that operates under policy guidelines established by the Board of

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

Interest Rate Risk - Other than Trading

As previously noted in the Net Interest Revenue section of this report, management has implemented strategies to manage the Company's balance sheet to be relatively neutral to changes in interest rates over a twelve month period. The effectiveness of these strategies in managing the overall interest rate risk is evaluated through the use of an asset/liability model. BOK Financial performs a sensitivity analysis to identify more dynamic interest rate risk exposures, including embedded option positions, on net interest revenue, net income and economic value of equity. A simulation model is used to estimate the effect of changes in interest rates over the next 12 and 24 months based on eight interest rate scenarios. Two specified interest rate scenarios are used to evaluate interest rate risk against policy guidelines. The first assumes a sustained parallel 200 basis point increase and the second assumes a sustained parallel 100 basis point decrease in interest rates. Management historically evaluated interest rate sensitivity for a sustained 200 basis point decrease in interest rates. However, the results of a 200 basis point decrease in interest rates in the current low-rate environment are not meaningful. The Company also performs a sensitivity analysis based on a "most likely" interest rate scenario, which includes non-parallel shifts in interest rates. An independent source is used to determine the most likely interest rate scenario.

The Company's primary interest rate exposures included the Federal Funds rate, which affects short-term borrowings, and the prime lending rate and LIBOR, which are the basis for much of the variable-rate loan pricing. Additionally, mortgage rates directly affect the prepayment speeds for mortgage-backed securities and mortgage servicing rights. Derivative financial instruments and other financial instruments used for purposes other than trading are included in this simulation. The model incorporates assumptions regarding the effects of changes in interest rates and account balances on indeterminable maturity deposits based on a combination of historical analysis and expected behavior. The impact of planned growth and new business activities is factored into the simulation model. The effects of changes in interest rates on the value of mortgage servicing rights are excluded from Table 25 due to the extreme volatility over such a large rate range. The effects of interest rate changes on the value of mortgage servicing rights and securities identified as economic hedges are presented in the Lines of Business - Consumer Banking section of this report.

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

Interest Rate Sensitivity
(Dollars in Thousands)

	200 bp Increase	100 bp Decrease

	2009	2008	2009	2008	
Anticipated impact over the next twelve months on					
net interest revenue	$ (12,159)	$(17,132)	$ (20,541)	$ 7,392	$
	(1.5)%	(1.1)%	(2.8)%	0.4%	

Trading Activities

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

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

Management uses a Value at Risk ("VAR") methodology to measure the market risk inherent in its trading activities. VAR is calculated based upon historical simulations over the past five years using a variance / covariance matrix of interest rate changes. It represents an amount of market loss that is likely to be exceeded only one out of every 100 two-week periods. Trading positions are managed within guidelines approved by the Board of Directors. These guidelines limit the VAR to $3.6 million. At June 30, 2009, the VAR was $2.1 million. The greatest value at risk during the second quarter of 2009 was $2.6 million.

Controls and Procedures

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

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Forward-Looking Statements

This report contains forward-looking statements that are based on management's beliefs, assumptions, current expectations, estimates, and projections about BOK Financial, the financial services industry and the economy in general. Words such as "anticipates," "believes," "estimates," "expects," "forecasts," "plans," "projects," variations of such words and similar expressions are intended to identify such forward-looking statements. Management judgments relating to and discussion of the provision and reserve for loan losses involve judgments as to expected events and are inherently forward-looking statements. Assessments that BOK Financial's acquisitions and other growth endeavors will be profitable are necessary statements of belief as to the outcome of future events, based in part on information provided by others that BOK Financial has not independently verified. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict with regard to timing, extent, likelihood and degree of occurrence. Therefore, actual results and outcomes may materially differ from what is expressed, implied, or forecasted in such forward-looking statements. Internal and external factors that might cause such a difference include, but are not limited to: (1) the ability to fully realize expected cost savings from mergers within the expected time frames, (2) the ability of other companies on which BOK Financial relies to provide goods and services in a timely and accurate manner, (3) changes in interest rates and interest rate relationships, (4) demand for products and services, (5) the degree of competition by traditional and nontraditional competitors, (6) changes in banking regulations, tax laws, prices, levies, and assessments, (7) the impact of technological advances and (8) trends in customer behavior as well as their ability to repay loans. BOK Financial and its affiliates undertake no obligation to update, amend, or clarify forward-looking statements, whether as a result of new information, future events or otherwise.

PART II. Other Information

Item 1. Legal Proceedings

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

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

The following table provides information with respect to purchases made by or on behalf of the Company or any "affiliated purchaser" (as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934), of the Company's common stock during the three months ended June 30, 2009.

Period	Total Number of Shares Purchased (2)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	th
April 1, 2009 to April 30, 2009	617	$41.62	-	
May 1, 2009 to May 31, 2009	-	-	-	
June 1, 2009 to June 30, 2009	-	-	-	
Total	617		-	

(1) The Company had a stock repurchase plan that was initially authorized by the Company's board of directors on February 24, 1998 and amended on May 25, 1999. Under the terms of that plan, the Company could repurchase up to 800,000 shares of its common stock. As of March 31, 2005, the Company had repurchased 638,642 shares under that plan. On

April 26, 2005, the Company's board of directors terminated this authorization and replaced it with a new stock repurchase plan authorizing the Company to repurchase up to two million shares of the Company's common stock. As of June 30, 2009, the Company had repurchased 784,073 shares under the new plan.

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

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Item 4. Submission of Matters to a Vote of Security Holders

Our Annual Meeting of Shareholders was held on April 28, 2009 (the "Annual Meeting"). At the Annual Meeting, shareholders voted on three matters: (i) to fix the number of directors to be elected at sixteen (16) and to elect sixteen (16) persons as directors for a term of one year or until their successors have been elected and qualified, (ii) to approve the 2009 Omnibus Incentive Plan, and (iii) to ratify the selection of Ernst & Young LLP as the Company's independent auditor for the fiscal year ending December 31, 2009. The shareholders approved these matters by the following votes, respectively:

(i) Election of sixteen (16) directors for a term of one year:

	Votes For	Votes Withheld/ Against
Gregory S. Allen	62,157,280	209,846
C. Fred Ball, Jr.	59,235,084	3,132,042
Sharon J. Bell	62,291,870	75,256
Peter C. Boylan III	62,301,422	65,704
Chester Cadieux III	56,832,362	5,534,764
Joseph W. Craft III	57,092,032	5,275,094
William E. Durrett	62,292,592	74,534
John W. Gibson	62,310,623	56,503
David F. Griffin	62,311,347	55,779
V. Burns Hargis	62,241,646	125,480
E. Carey Joullian IV	56,391,836	5,975,290
George B. Kaiser	58,772,376	3,594,750
Robert J. LaFortune	62,292,417	74,709
Stanley A. Lybarger	59,272,684	3,094,442
Steven J. Malcolm	59,630,840	2,736,286
E. C. Richards	62,311,079	56,047

	Votes For	Votes Withheld/ Against
(ii) Approval of the 2009 Omnibus Incentive Plan	50,823,724	3,238,294

	Votes For	Votes Withheld/ Against
(iii) Ratification of Ernst & Young LLP as the independent auditor for the year ending December 31, 2009	62,181,605	85,094

Item 6. Exhibits

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

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

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

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

Signatures

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

BOK FINANCIAL CORPORATION
(Registrant)

Date: July 30, 2009

/s/ Steven E. Nell

Steven E. Nell
Executive Vice President and
Chief Financial Officer

/s/ John C. Morrow

John C. Morrow
Senior Vice President and
Chief Accounting Officer