

BOK FINANCIAL CORP ET AL  
Form 10-Q  
November 01, 2010

As filed with the Securities and Exchange Commission on November 1, 2010

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2010

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)  
[Missing Graphic Reference]

Oklahoma  
(State or other jurisdiction  
of Incorporation or Organization)

73-1373454  
(IRS Employer  
Identification No.)

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

74192  
(Zip Code)

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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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   
filer

Accelerated  
Non-accelerated filer

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

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date: 68,091,126 shares of common stock (\$.00006 par value) as of September 30, 2010.

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BOK Financial Corporation  
Form 10-Q  
Quarter Ended September 30, 2010

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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 \$64.3 million or \$0.94 per diluted share for the third quarter of 2010, compared to \$63.5 million or \$0.93 per diluted share for the second quarter of 2010 and \$50.7 million or \$0.75 per share for the third quarter of 2009. Net income for the nine months ended September 30, 2010 totaled \$187.9 million or \$2.75 per diluted share compared with net income of \$157.8 million or \$2.33 per diluted share for the nine months ended September 30, 2009.

Net income for the first quarter of 2010 included a \$6.5 million or \$0.10 per diluted share day-one gain from the purchase of the rights to service \$4.2 billion of residential mortgage loans on favorable terms. Net income for the second quarter of 2009, included a \$7.7 million or \$0.11 per share special assessment by the Federal Deposit Insurance Corporation ("FDIC").

Highlights of the third quarter of 2010 included:

- Net interest revenue totaled \$180.7 million for the third quarter of 2010 compared to \$180.5 million for the third quarter of 2009 and \$182.1 million for the second quarter of 2010. Net interest margin was 3.50% for the third quarter of 2010, 3.63% for the third quarter of 2009 and 3.63% for the second quarter of 2010. Net interest margin narrowed during the third quarter of 2010 as cash flows from our securities portfolio are reinvested at lower rates.
- Fees and commissions revenue totaled \$136.9 million for the third quarter of 2010, up \$17.0 million over the third quarter of 2009 and up \$8.8 million over the previous quarter. Mortgage banking increased \$16.0 million over the third quarter of 2009 and \$10.9 million over the second quarter of 2010 due to increased loan production volume. Deposit service charges decreased by \$6.2 million compared to the third quarter of 2009 and \$4.5 million compared to the second quarter of 2010 primarily as a result of changes in federal regulations concerning overdraft fees.
- Increased prepayment speeds adversely affected the value of our mortgage servicing rights in the third quarter of 2010. Changes in the fair value of mortgage servicing rights, net of economic hedge, decreased pre-tax net income for the third quarter of 2010 by \$7.9 million, compared to an increase in pre-tax net income for the third quarter of 2009 of \$579 thousand and an increase in pre-tax net income of \$3.0 million in the second quarter of 2010.
- Operating expenses, excluding changes in the fair value of mortgage servicing rights, totaled \$189.2 million, up \$13.5 million over the third quarter of 2009 and up \$2.8 million from the previous quarter. Net losses and operating expenses on repossessed assets increased \$3.7 million over the third quarter of 2009 and decreased \$5.8 million compared to the prior quarter. Personnel expenses increased \$3.2 million over the third quarter of 2009 and \$4.2 million over the second quarter 2010, primarily due to higher incentive compensation expense.
- Combined reserves for credit losses totaled \$314 million or 2.91% of outstanding loans at September 30, 2010 and \$315 million or 2.89% of outstanding loans at June 30, 2010. Net loans charged off and provision for credit losses were \$20.1 million and \$20.0 million, respectively, for the third quarter of 2010 compared to \$36.0 million and \$55.1 million, respectively for the third quarter of 2009 and \$35.6 million and \$36.0 million, respectively, for the second quarter of 2010.
- Nonperforming assets totaled \$421 million or 3.85% of outstanding loans and repossessed assets at September 30, 2010, down from \$461 million or 4.19% of outstanding loans and repossessed assets at June 30, 2010. Newly identified nonaccruing loans totaled \$30 million for the third quarter of 2010 and \$58 million for the second quarter

of 2010.

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- Available for sale securities totaled \$9.6 billion at September 30, 2010, up \$333 million since June 30, 2010. Other-than-temporary impairment charges on certain privately-issued residential mortgage-backed and municipal debt securities reduced pre-tax income by \$14.3 million in the third quarter of 2010, \$3.4 million during the third quarter of 2009 and \$2.6 million during the second quarter of 2010. Our loss estimates on these securities were adversely affected by an expectation of a more prolonged period of relatively high unemployment and increased loss severity.
- Outstanding loan balances were \$10.8 billion at September 30, 2010, down \$77 million since June 30, 2010. Commercial loans decreased \$40 million, commercial real estate loans decreased \$18 million and consumer loans decreased \$69 million, partially offset by a \$50 million increase in residential mortgage loans. Unfunded commercial loan commitments were largely unchanged for the quarter.
- Total period-end deposits increased \$735 million during the third quarter of 2010 to \$16.8 billion due primarily to growth in interest-bearing transaction and demand deposits.
- Tangible common equity ratio increased to 8.96% at September 30, 2010 from 8.88% at June 30, 2010 due to an increase in the fair value of the securities portfolio and retained earnings growth. The tangible common equity ratio is a non-GAAP measure of capital strength used by the Company and investors based on shareholders' equity as defined by generally accepted accounting principles in the United States of America ("GAAP") minus 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. BOK Financial chose not to participate in the TARP Capital Purchase Program. The Company and each of its subsidiary banks exceeded the regulatory definition of well capitalized. The Company's Tier 1 capital ratios as defined by banking regulations were 12.30% at September 30, 2010 and 11.90% at June 30, 2010.
- The Company paid a cash dividend of \$16.9 million or \$0.25 per common share during the third quarter of 2010. On October 26, 2010, the board of directors declared a cash dividend of \$0.25 per common share payable on or about December 1, 2010 to shareholders of record as of November 17, 2010.

On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act ("the Dodd-Frank Act" or "the Act") was signed into law, giving federal banking agencies authority to increase the minimum deposit insurance fund ratio, increase regulatory capital requirements, impose additional rules and regulations over consumer financial products and services and limit the amount of interchange fee that may be charged in an electronic debit transaction. In addition, the Act makes permanent the \$250,000 limit for federal deposit insurance and provides unlimited federal deposit insurance until January 1, 2013 for non-interest bearing demand deposit accounts. It also repeals prohibitions on payment of interest on demand deposits, which could impact how interest is paid on business transactions and other accounts. We continue to assess the impact of the complex provisions of the Dodd-Frank Act and will work with our applicable regulatory agencies as they undertake the extensive process of developing detailed regulation to implement the Act in the coming months or years. The effect of this legislation on fee income and operating expenses could be significant but cannot be accurately quantified at this time.

On September 12, 2010 the Group of Governors and Head of Supervision ("GHOS"), the oversight body of the Basel Committee on Banking Supervision announced changes to strengthen existing capital and liquidity requirements of internationally active banking organizations. The Basel Committee on Banking Supervision provides an international forum for regular cooperation on banking supervisory matters by its members, including the United States and other large developed countries and the GHOS is composed of central bank governors and heads of supervision from its member countries. The GHOS agreement calls for national jurisdictions to implement the new requirements beginning January 1, 2013. The timing and extent to which these changes will be effective for banking organizations that are not internationally active, like BOK Financial Corporation, has not been determined. Our current capital

appears to be well in excess of the preliminary standards.

## Results of Operations

### Net Interest Revenue and Net Interest Margin

Net interest revenue totaled \$180.7 million for the third quarter of 2010, compared to \$180.5 million for the third quarter of 2009 and \$182.1 million for the second quarter of 2010. The increase in net interest revenue compared to

the third quarter of 2009 was due primarily to growth in average earning assets largely offset by a decrease in net interest margin. The decrease in net interest revenue from the second quarter of 2010 was due primarily to a decrease in net interest margin primarily due to lower securities portfolio yield.

Average earning assets for the third quarter of 2010 increased \$893 million or 4% compared to the third quarter of 2009. Available for sale securities, which consist largely of U.S. government agency issued residential mortgage-backed securities, increased \$1.5 billion. We purchased these securities to supplement earnings, especially in a period of declining loan demand, and to manage interest rate risk. Loans, net of allowances for loan losses, decreased \$1.1 billion compared to the third quarter of 2009. With exception of residential mortgage loans, all other major loan categories decreased largely due to reduced customer demand and normal repayment trends.

Growth in average earning assets was funded by a \$1.4 billion increase in average deposits. Interest-bearing transaction accounts increased \$1.5 billion and demand deposits were up \$439 million over the third quarter of 2009. Time deposits decreased \$631 million as we continued to decrease brokered deposits and other higher costing time deposits. Borrowed funds decreased \$765 million.

Average earning assets increased \$507 million compared to the previous quarter. Average securities increased \$546 million due to a \$379 million increase in available for sale securities and a \$166 million increase in mortgage trading securities which we use as an economic hedge of our mortgage servicing rights. Average outstanding loans, net of allowance for loan losses, decreased \$105 million. Commercial, commercial real estate and consumer loan categories each decreased in the third quarter of 2010. Residential mortgage loans increased \$44 million over the second quarter of 2010. Average deposits increased \$661 million, including a \$412 million increase in interest-bearing transaction accounts, a \$171 million increase in demand deposits and a \$73 million increase in time deposits. Average balances of borrowed funds decreased \$415 million.

Net interest margin was 3.50% for the third quarter of 2010 and 3.63% for both the third quarter of 2009 and second quarter of 2010. The decrease in net interest margin was due largely to lower yield on our securities portfolio. The securities portfolio yield was 3.32% for the third quarter of 2010, 4.21% for the third quarter of 2009 and 3.60% for the second quarter of 2010. Current low interest rates have increased the prepayment speed of our mortgage-backed securities. Cash flows from this portfolio are reinvested at lower rates. During the third quarter of 2010, approximately \$600 million previously invested in securities that yielded 3.80% were reinvested in securities that yield 2.30%. We expect this trend to continue.

The tax-equivalent yield on earning assets was 4.19% for the third quarter of 2010, down 35 basis points from the third quarter of 2009. Securities portfolio yields were down 89 basis points. Loan yields increased 23 basis points to 5.01%. Funding costs were down 23 basis points from the third quarter of 2009. The cost of interest-bearing deposits decreased 23 basis points and the cost of other borrowed funds increased 1 basis point.

The tax-equivalent yield on earning assets for the third quarter of 2010 was down 14 basis points from the second quarter of 2010. Yield on the securities portfolio dropped by 28 basis points. Loan portfolio yields were up 4 basis points. The cost of interest-bearing liabilities was down 1 basis point from the previous quarter.

The benefit to net interest margin from earning assets funded by non-interest bearing liabilities was 17 basis points for the third quarter of 2010 compared with 18 basis points for the third quarter of 2009 and 15 basis points for the preceding quarter of 2010.

Our overall objective is to manage the Company's balance sheet to be relatively neutral to changes in interest rates as is further described in the Market Risk section of this report. 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 manage toward a relatively rate-neutral position, we purchase fixed-rate residential mortgage-backed securities issued primarily by U.S. government agencies and fund them with market rate sensitive liabilities. The liability-sensitive nature of this strategy provides an offset to the asset-sensitive characteristics of our loan portfolio. To the extent that intermediate and longer term interest rates remain at extremely low levels, mortgage-related security prepayments may accelerate putting additional downward pressure on the securities portfolio yield and on net interest margin as discussed above. We also use derivative instruments to manage our interest rate risk. Interest rate swaps with a combined notional amount of \$30 million

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convert fixed rate liabilities to floating rate based on LIBOR. Net interest revenue increased \$1.1 million for the third quarter of 2010, \$2.7 million for the third quarter of 2009 and \$1.0 million for the second quarter of 2010 from periodic settlements of these contracts. This increase in net interest revenue contributed 2 basis points to net interest margin in the third quarter of 2010, 5 basis points in the third quarter of 2009 and 2 basis points in the second quarter of 2010. Derivative contracts are carried on the balance sheet at fair value. Changes in fair value of these contracts are reported in income as derivatives gains or losses in the Consolidated Statements of Earnings.

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

Table 1 – Volume / Rate Analysis  
(In thousands)

|                                  | Three Months Ended<br>September 30, 2010 / 2009 |           |                 | Nine Months Ended<br>September 30, 2010 / 2009 |           |                 |
|----------------------------------|---|-----------|-----------------|--|-----------|-----------------|
|                                  | Change Due To (1)                               |           |                 |  |           |                 |
|                                  | Change  | Volume    | Yield /<br>Rate | Change   | Volume    | Yield /<br>Rate |
| Tax-equivalent interest revenue: |   |           |                 |  |           |                 |
| Securities                       | \$(2,741 )                                      | \$17,093  | \$(19,834 )     | \$(4,115 )                                     | \$107,007 | \$(111,122 )    |
| Trading securities               | (201 )  | 46        | (247 )          | (750 )   | (1,297 )  | 547             |
| Loans                            | (6,153 )  | (11,526 ) | 5,373           | (30,301 )                                      | (75,468 ) | 45,167          |
| Funds sold and resell            |   |           |                 |  |           |                 |
| agreements                       | (14 )   | (12 )     | (2 )            | (42 )  | (29 )     | (13 )           |
| Total                            | (9,109 )  | 5,601     | (14,710 )       | (35,208 )                                      | 30,213    | (65,421 )       |
| Interest expense:                |   |           |                 |  |           |                 |
| Transaction deposits             | (1,801 )  | 2,137     | (3,938 )        | (10,401 )                                      | 16,351    | (26,752 )       |
| Savings deposits                 | (18 )   | 24        | (42 )           | 133  | 30        | 103             |
| Time deposits                    | (7,255 )  | (3,180 )  | (4,075 )        | (41,927 )                                      | (17,042 ) | (24,885 )       |
| Federal funds purchased and      |   |           |                 |  |           |                 |
| repurchase agreements            | 191   | (49 )     | 240             | (413 )   | 369       | (782 )          |
| Other borrowings                 | (756 )  | (654 )    | (102 )          | (3,141 )                                       | (470 )    | (2,671 )        |
| Subordinated debentures          | 106   | 2         | 104             | 9  | 7         | 2               |
| Total                            | (9,533 )  | (1,720 )  | (7,813 )        | (55,740 )                                      | (755 )    | (54,985 )       |
| Tax-equivalent net interest      |   |           |                 |  |           |                 |
| revenue                          | 424   | 7,321     | (6,897 )        | 20,532   | 30,968    | (10,436 )       |
| Change in tax-equivalent         |   |           |                 |  |           |                 |
| adjustment                       | (170 )  |           |                 | (1,016 )                                       |           |                 |
| Net interest revenue             | \$254   |           |                 | \$19,516                                       |           |                 |

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

## Other Operating Revenue

Other operating revenue was \$137.7 million for the third quarter of 2010 compared to \$131.8 million for the third quarter of 2009 and \$157.4 million for the second quarter of 2010.

Fees and commissions revenue increased \$17.0 million or 14% compared with the third quarter of 2009. Net gains on securities, derivatives and other assets decreased \$147 thousand. Other-than-temporary impairment charges recognized in earnings were \$10.9 million greater compared to the third quarter of 2009.

Other operating revenue decreased \$19.8 million compared to the second quarter of 2010. Fees and commissions revenue increased \$8.8 million. Net gains on securities, derivatives and other assets decreased \$16.9 million compared to the second quarter of 2010, including \$14.4 million decrease on net gain (loss) on securities and derivatives held as an economic hedge of mortgage servicing rights. Other-than-temporary impairment charges recognized in earnings were \$11.7 million greater compared to the second quarter of 2010.

Table 2 – Other Operating Revenue  
(In thousands)

|  | Three Months Ended<br>September 30, |          | Increase   | %<br>Increase |     | Three<br>Months<br>Ended<br>June 30, |            | Increase   | %<br>Increase |
|--|-------------------------------------|----------|------------|---------------|-----|--------------------------------------|------------|------------|---------------|
|  | 2010                                | 2009     | (Decrease) | (Decrease)    |     | 2010                                 | (Decrease) | (Decrease) | (Decrease)    |
| Brokerage and trading revenue            | \$27,072                            | \$24,944 | \$2,128    | 9             | %   | \$24,754                             | \$2,318    | 9          | %             |
| Transaction card revenue                 | 28,852                              | 26,264   | 2,588      | 10            | %   | 28,263                               | 589        | 2          | %             |
| Trust fees and commissions               | 16,774                              | 16,315   | 459        | 3             | %   | 17,737                               | (963)      | (5)        | (%)           |
| Deposit service charges and fees         | 24,290                              | 30,464   | (6,174)    | (20)          | (%) | 28,797                               | (4,507)    | (16)       | (%)           |
| Mortgage banking revenue                 | 29,236                              | 13,197   | 16,039     | 122           | %   | 18,335                               | 10,901     | 59         | %             |
| Bank-owned life insurance                | 3,004                               | 2,634    | 370        | 14            | %   | 2,908                                | 96         | 3          | %             |
| Other revenue                            | 7,708                               | 6,138    | 1,570      | 26            | %   | 7,374                                | 334        | 5          | %             |
| Total fees and commissions revenue       | 136,936                             | 119,956  | 16,980     | 14            | %   | 128,168                              | 8,768      | 7          | %             |
| Gain (loss) on other assets, net         | (1,331)                             | 3,223    | (4,554)    | N/A           |     | 1,545                                | (2,876)    | N/A        |               |
| Gain (loss) on derivatives, net          | 4,626                               | (294)    | 4,920      | N/A           |     | 7,272                                | (2,646)    | N/A        |               |
| Gain on available for sale securities    | 8,384                               | 8,706    | (322)      | N/A           |     | 8,469                                | (85)       | N/A        |               |
| Gain on mortgage trading securities, net | 3,369                               | 3,560    | (191)      | N/A           |     | 14,631                               | (11,262)   | N/A        |               |

|  |           |           |           |     |           |             |        |
|--|-----------|-----------|-----------|-----|-----------|-------------|--------|
| Gain on securities, net                                  | 11,753    | 12,266    | (513 )    | N/A | 23,100    | (11,347 )   | N/A    |
| Total other-than-temporary impairment                    | (4,525 )  | (6,133 )  | 1,608     | N/A | (10,959 ) | 6,434       | N/A    |
| Portion of loss recognized in other comprehensive income | 9,786     | (2,752 )  | 12,538    | N/A | (8,313 )  | 18,099      | N/A    |
| Net impairment losses recognized in earnings             | (14,311 ) | (3,381 )  | (10,930 ) | N/A | (2,646 )  | (11,665 )   | N/A    |
| Total other operating revenue                            | \$137,673 | \$131,770 | \$5,903   | 4 % | \$157,439 | \$(19,766 ) | (13 %) |

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

#### Fees and commissions revenue

Diversified sources of fees and commission revenue are a significant part of our business strategy and represented 43% of total revenue for the third quarter of 2010, excluding provision for credit losses and gains and losses on asset sales, securities and derivatives. We believe that a variety of fee revenue sources provide an offset to changes in interest rates, values in the equity markets, commodity prices and consumer spending, all of which can be volatile. We expect continued growth in other operating revenue through offering new products and services and by expanding into markets outside of Oklahoma. However, current and future economic conditions, regulatory constraints, increased competition and saturation in our existing markets could affect the rate of future increases.

Brokerage and trading revenue increased \$2.1 million or 9--% compared to the third quarter of 2009. Securities trading revenue totaled \$15.7 million for the third quarter of 2010, up \$620 thousand or 4%. Higher lending activity

by our mortgage banking customers increased securities transaction volume in the third quarter of 2010. Customer hedging revenue totaled \$3.7 million for the third quarter of 2010, up \$2.2 million or 148% over the third quarter of 2009 on greater energy price and interest rate volatility. Retail brokerage revenue increased \$72 thousand or 1% over the third quarter of 2009 to \$5.6 million. Investment banking revenue was \$2.1 million for the third quarter of 2010, a \$786 thousand decrease due to a decrease in the timing of investment banking activity compared to the third quarter of 2009.

Brokerage and trading revenue increased \$2.3 million over the second quarter 2010 primarily on higher securities trading revenue and derivative fee income partially offset by decreased investment banking activity. Interest rate volatility during the third quarter of 2010 increased trading volumes in mortgage-backed securities and interest rate derivative activities. Retail brokerage fees also increased over the prior quarter.

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 totaled \$28.9 million for the third quarter of 2010, up \$2.6 million or 10% over the third quarter of 2009. Check card revenue increased \$1.0 million or 14% to \$8.4 million and merchant discounts increased \$1.0 million or 15% to \$8.1 million on higher transaction volumes. ATM network revenue increased \$551 thousand or 5% over the third quarter of 2009. Increased ATM transaction volumes were partially offset by a decrease in the average rate charged per transaction. Transaction card revenue increased \$589 thousand over the second quarter of 2010 primarily due to a higher volume of merchant discount fees and ATM network revenue. Check card fees were also up.

Trust fees and commissions increased \$459 thousand or 3% over the third quarter of 2009 to \$16.8 million. The revenue increase was due to increases in the fair value of trust assets and timing of fees related to our oil & gas property services, partially offset by lower balances in our proprietary mutual funds. We continue to voluntarily waive administration fees on the Cavanal Hill money market funds in order to maintain positive yields on these funds in the current low short-term interest rate environment. Waived fees totaled \$858 thousand for the third quarter of 2010, \$816 thousand for the second quarter of 2010 and \$876 thousand for the third quarter of 2009. The fair value of trust assets administered by the Company totaled \$31.4 billion at September 30, 2010 compared to \$29.9 billion at September 30, 2009 and \$29.8 billion at June 30, 2010. Trust fees and commissions decreased \$963 thousand compared to the second quarter of 2010 due primarily to the seasonal nature of tax service fees.

Deposit service charges and fees decreased \$6.2 million or 20% compared to the third quarter of 2009. Overdraft fees decreased \$4.9 million or 25% to \$14.9 million. The decrease in overdraft fees was primarily due to changes in federal regulations concerning overdraft charges which were effective July 1, 2010. Commercial account service charge revenue also decreased \$1.4 million or 16% to \$7.2 million. Customers kept greater commercial account balances which increased the earnings credit, a non-cash method for commercial customers to avoid incurring charges for deposit services based on account balances. Deposit service charges and fees decreased \$4.5 million compared to the prior quarter primarily due to federal regulations concerning overdraft charges. This performance is consistent with our previously disclosed expectation that changes in overdraft regulations would decrease fee income by \$10 million to \$15 million over the second half of 2010.

Mortgage banking revenue more than doubled compared to the third quarter of 2009, increasing to \$29.2 million for the third quarter of 2010 from \$13.2 million for the third quarter of 2009. Mortgage origination and marketing revenue increased \$11.1 million or 139% over the third quarter of 2009. Mortgage loans funded increased \$341 million and net gains on mortgages sold in the secondary market increased. Mortgage servicing revenue increased \$5.0 million or 95% over the third quarter of 2009. The outstanding principal balance of mortgage loans serviced for others increased \$4.9 million primarily due to the purchase of the rights to service \$4.2 billion of residential mortgage loans in the first quarter of 2010. This purchase added servicing fee revenue of \$3.5 million to both the second and third quarters of 2010.

Mortgage banking revenue was up \$10.9 million or 59% over the second quarter of 2010 based on a \$9.5 million increase in revenue from originating and marketing mortgage loans and a \$1.4 million increase in mortgage servicing revenue. Mortgage loans funding increased \$337 million over the second quarter of 2010 and the outstanding principle balance of mortgage loans serviced for others increased \$133 million.

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Table 3 –  
Mortgage  
Banking  
Revenue  
(In thousands)

|  | Three Months Ended<br>September 30, |             |             |               |     | Three<br>Months<br>Ended<br>June 30, |           |               |     |
|--|-------------------------------------|-------------|-------------|---------------|-----|--------------------------------------|-----------|---------------|-----|
|  | 2010                                | 2009        | Increase    | %<br>Increase |     | 2010                                 | Increase  | %<br>Increase |     |
| Originating and marketing revenue                                  | \$19,070                            | \$7,985     | \$11,085    | 139           | %   | \$8,764                              | \$10,306  | 118           | %   |
| Servicing revenue  | 10,166                              | 5,213       | 4,953       | 95            | %   | 9,571                                | 595       | 6             | %   |
| Total mortgage revenue   | \$29,236                            | \$13,198    | \$16,038    | 122           | %   | \$18,335                             | \$10,901  | 59            | %   |
| Mortgage loans funded during the quarter                           | \$877,371                           | \$536,173   | \$341,198   | 64            | %   | \$540,741                            | \$336,630 | 62            | %   |
| Mortgage loan refinances to total funded                           | 64                                  | %           | 49          | %             | N/A | N/A                                  | 34        | %             | N/A |
|  | September 30,                       |             |             |               |     | June 30,                             |           |               |     |
|  | 2010                                | 2009        | Increase    | %<br>Increase |     | 2010                                 | Increase  | %<br>Increase |     |
| Outstanding principal balance of mortgage loans serviced for other | \$11,190,802                        | \$6,339,764 | \$4,851,038 | 77            | %   | \$11,057,385                         | \$133,417 | 12            | %   |

Net gains on securities, derivatives and other assets

We recognized \$8.4 million of gains on sales of \$596 million of available for sale securities in the third quarter of 2010, excluding securities held as an economic hedge of mortgage servicing rights. Securities were sold either because they had reached their expected maximum potential return or to mitigate exposure from rising interest rates. We recognized \$8.7 million of gains on sales of \$377 million of available for sale securities in the third quarter of 2009 and \$8.5 million of gains on sales of \$595 million of available for sale securities in the second quarter of 2010.

As more fully discussed in Note 2 to the Consolidated Financial Statements, we recognized other-than-temporary impairment losses on certain private-label residential mortgage-backed securities of \$13.4 million in earnings during the third quarter of 2010 related to additional declines in projected cash flows as a result of expectations of a more prolonged period of relatively high unemployment and increased loss severity.

Mortgage trading securities and derivative contracts are held as an economic hedge of the changes in fair value of mortgage servicing rights that fluctuates due to changes in prepayment speeds and other assumptions as more fully described in Note 6 to the Consolidated Financial Statements. Increased prepayment speeds as a result of the benchmark mortgage rate falling 40 basis points during the quarter, decreased the value of our mortgage servicing rights in the third quarter of 2010.

Table 4 – Gain (Loss) on Mortgage Servicing Rights  
(In thousands)

|   | Three Months Ended |                  |                   |
|---|--------------------|------------------|-------------------|
|   | Sept. 30,<br>2010  | June 30,<br>2010 | Sept. 30,<br>2009 |
| Gain on mortgage hedge derivative contracts   | \$4,676            | \$7,800          | \$–               |
| Gain on mortgage trading securities   | 3,369              | 14,631           | 3,560             |
| Total gain on financial instruments held as an economic hedge of mortgage servicing rights  | 8,045              | 22,431           | 3,560             |
| Loss on change in fair value of mortgage servicing rights   | (15,924 )          | (19,458 )        | (2,981 )          |
| Gain (loss) on changes in fair value of mortgage servicing rights, net of gain on financial instruments held as an economic hedge | \$(7,879 )         | \$2,973          | \$579             |
| Net interest revenue on mortgage trading securities   | \$5,710            | \$4,880          | \$2,695           |

In addition to the gain on mortgage hedge derivative contracts, net gains on derivatives includes fair value adjustments of derivatives used to manage interest rate risk and certain liabilities we have elected to carry at fair value. Derivative instruments generally consist of interest rate swaps where we pay a variable rate based on LIBOR and receive a fixed rate. The fair value of these swaps generally decrease in value resulting in a loss to the Company



as interest rates rise and increase in value resulting in a gain to the Company as interest rates fall. Certain certificates of deposit have been designated as reported at fair value. This determination is made when the certificates of deposit are issued based on our intent to swap the interest rate on the certificates from a fixed rate to a LIBOR-based variable rate. As interest rates fall, the fair value of these fixed-rate certificates of deposit generally increases and we recognize a loss. Conversely, as interest rates rise, the fair value of these fixed-rate certificates of deposit generally decreases and we recognize a gain.

#### Other Operating Expense

Other operating expense for the third quarter of 2010 totaled \$205.2 million, up \$26.4 million or 15% over the third quarter of 2009. Changes in the fair value of mortgage servicing rights increased operating expense \$15.9 million in the third quarter of 2010 and \$3.0 million in the third quarter of 2009. Excluding changes in the fair value of mortgage servicing rights, operating expenses were up \$13.5 million or 8%. Personnel expenses increased \$3.2 million or 3%. Net losses and operating expenses related to repossessed assets were up \$3.7 million over the third quarter of 2009. Remaining non-personnel operating expenses increased \$6.6 million over the prior year.

Other operating expenses decreased \$747 thousand compared to the second quarter of 2010. Changes in the fair value of mortgage servicing rights increased operating expense \$15.9 million in the third quarter of 2010 compared to \$19.5 million in the second quarter of 2010. Excluding changes in the fair value of mortgage servicing rights, operating expenses were up \$2.8 million or 1% over the previous quarter. Personnel expenses increased \$4.2 million over the second quarter of 2010 primarily due to higher incentive compensation expense. Non-personnel expenses decreased \$1.4 million compared to the previous quarter.

Table 5 – Other Operating Expense  
(In thousands)

|                                | Three Months Ended September 30, |          | %                   |                     | Three Months Ended June 30, |                     | %                   |  |
|--------------------------------|----------------------------------|----------|---------------------|---------------------|-----------------------------|---------------------|---------------------|--|
|                                | 2010                             | 2009     | Increase (Decrease) | Increase (Decrease) | 2010                        | Increase (Decrease) | Increase (Decrease) |  |
| Regular compensation           | \$60,339                         | \$59,227 | 1,112               | 2                   | \$58,932                    | \$1,407             | 2                   |  |
| Incentive compensation:        |                                  |          |                     |                     |                             |                     |                     |  |
| Cash-based                     | 23,910                           | 20,835   | 3,075               | 15                  | 22,148                      | 1,762               | 8                   |  |
| Stock-based                    | 2,927                            | 3,808    | (881)               | (23)                | 390                         | 2,537               | N/A                 |  |
| Total incentive compensation   | 26,837                           | 24,643   | 2,194               | 9                   | 22,538                      | 4,299               | 19                  |  |
| Employee benefits              | 14,040                           | 14,142   | (102)               | (1)                 | 15,584                      | (1,544)             | (10)                |  |
| Total personnel expense        | 101,216                          | 98,012   | 3,204               | 3                   | 97,054                      | 4,162               | 4                   |  |
| Business promotion             | 4,426                            | 4,827    | (401)               | (8)                 | 4,945                       | (519)               | (10)                |  |
| Professional fees and services | 7,621                            | 7,555    | 66                  | 1                   | 6,668                       | 953                 | 14                  |  |

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|   |           |           |        |      |   |           |         |      |   |
|---|-----------|-----------|--------|------|---|-----------|---------|------|---|
| Net occupancy and equipment                           | 16,436    | 15,884    | 552    | 3    | % | 15,691    | 745     | 5    | % |
| Insurance   | 6,052     | 6,092     | (40)   | (1)  | % | 5,596     | 456     | 8    | % |
| Data processing & communications                      | 21,601    | 20,413    | 1,188  | 6    | % | 21,940    | (339)   | (2)  | % |
| Printing, postage and supplies                        | 3,648     | 3,716     | (68)   | (2)  | % | 3,525     | 123     | 3    | % |
| Net losses & operating expenses of repossessed assets | 7,230     | 3,497     | 3,733  | N/A  |   | 13,067    | (5,837) | N/A  |   |
| Amortization of intangible assets                     | 1,324     | 1,686     | (362)  | (21) | % | 1,323     | 1       | –    | % |
| Mortgage banking costs                                | 9,093     | 8,065     | 1,028  | 13   | % | 10,380    | (1,287) | (12) | % |
| Change in fair value of mortgage servicing rights     | 15,924    | 2,981     | 12,943 | N/A  |   | 19,458    | (3,534) | N/A  |   |
| Visa retrospective responsibility obligation          | 1,103     | –         | 1,103  | N/A  |   | –         | 1,103   | N/A  |   |
| Other expense   | 9,491     | 6,004     | 3,487  | 58   | % | 6,265     | 3,226   | 51   | % |
| Total other operating expense                         | \$205,165 | \$178,732 | 26,433 | 15   | % | \$205,912 | \$(747) | –    | % |
| Number of employees (full-time equivalent)            | 4,516     | 4,422     | 94     | 2    | % | 4,428     | 88      | 2    | % |

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

## Personnel expense

Regular compensation, which consists of salaries and wages, overtime pay and temporary personnel costs increased \$1.1 million or 2% over the third quarter of 2009 primarily due to standard annual merit increases which were effective in the second quarter of 2010. The Company generally awards annual merit increases effective April 1st for a majority of its staff.

Incentive compensation increased \$2.2 million or 9% compared to the third quarter of 2009. Cash-based incentive compensation plans 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 \$3.1 million increase in cash-based incentive compensation from the third quarter of 2009 included a \$1.6 million increase in commissions related to brokerage and trading revenue.

The Company also provides stock-based incentive compensation plans. Stock-based compensation plans include both equity and liability awards. Compensation expense related to liability awards decreased \$1.4 million compared with the third quarter of 2009 due to changes in the market value of BOK Financial common stock and other investments. The market value of BOK Financial common stock decreased \$2.34 per share in the third quarter of 2010 and increased \$8.83 per share in the third quarter of 2009. Compensation expense for equity awards increased \$524 thousand compared with the third quarter of 2009. Expense for equity awards is based on the grant-date fair value of the awards and is unaffected by subsequent changes in fair value.

Employee benefit expense decreased \$102 thousand or 1% compared to the third quarter of 2009 primarily due to decreased expenses related to employee retirement plans, payroll taxes and other benefits costs, mostly offset by an increase in medical insurance costs. The Company self-insures a portion of its employee health care coverage and these costs may be volatile.

Personnel expense increased \$4.2 million over the second quarter of 2010 primarily due to higher incentive compensation expense. Regular compensation expense increased \$1.4 million offset by a \$1.5 million decrease in employee benefits expense. Incentive compensation increased \$4.3 million over the second quarter of 2010. Stock-based compensation increased \$2.5 million in the second quarter primarily due to changes in the market value of BOK Financial common stock and other investments. Cash-based incentive compensation increased \$1.8 million, including \$610 thousand from commissions related to brokerage and trading revenue.

## Non-personnel operating expenses

Non-personnel operating expenses, excluding changes in the fair value of mortgage servicing rights, increased \$10.3 million over the third quarter of 2009. Net losses and operating expenses of repossessed assets increased \$3.7 million. Net losses from sales and write-downs of repossessed property increased \$3.3 million based on our quarterly review of carrying values. Operating expenses on repossessed assets increased \$445 thousand. Net losses on repossessed assets in the third quarter of 2010 included \$3.6 million to write down properties in Texas and Colorado previously held for branch expansion. Data processing and communications expense and mortgage banking costs increased on higher transaction volume. All other operating expenses increased \$3.2 million.

Non-personnel operating expenses, excluding changes in the fair value of mortgage servicing rights, decreased \$1.4 million over the second quarter of 2010. Net losses from sales and write-downs of repossessed property decreased \$5.8 million based on our quarterly review of carrying values and operating expenses on repossessed assets decreased \$728 thousand. All other non-personnel operating expenses increased \$4.4 million over the prior quarter.

The Company recorded a \$1.1 million contingent liability in the third quarter of 2010 for the Company's share of Visa's covered litigation liabilities as a member of Visa. This charge is expected to be offset in the fourth quarter of 2010. On October 8, 2010, Visa deposited \$800 million into the litigation escrow account for payment of this liability, further diluting the Company's Class B shares.

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## Income Taxes

Income tax expense was \$29.9 million or 32% of book taxable income for the third quarter of 2010 compared to \$24.8 million or 32% of book taxable income for the third quarter of 2009 and \$32.0 million or 33% of book taxable income for the second quarter of 2010. During the third quarter of 2010, the statute of limitations expired on an uncertain income tax position and the Company adjusted its current income tax liability to amounts on filed tax returns for 2009. Excluding these adjustments, income tax expense for the third quarter of 2010 would have been \$32.2 million or 34% of book taxable income.

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 \$11 million at September 30, 2010.

## Lines of Business

We operate three principal lines of business: commercial banking, consumer banking and wealth management. 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 and all mortgage banking activities. Wealth management provides fiduciary services, brokerage and trading, private bank services and investment advisory services in all markets. Wealth management also originates loans for high net worth clients.

In addition to our lines of business, we have a funds management unit. The primary purpose of this unit is to manage our overall liquidity needs and interest rate risk. Each line of business borrows funds from and provides funds to the funds management unit as needed to support their operations. Operating results for funds management and other include the effect of interest rate risk positions and risk management activities, securities gains and losses including impairment charges, the provision for credit losses in excess of net loans charged off, tax planning strategies and certain executive compensation costs that are not attributed to the lines of business.

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

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

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

As shown in Table 6, net income attributable to our lines of business increased \$24 million over the third quarter of 2009. The increase in net income attributed to our lines of business was due primarily to a decrease in net loans charged off and an increase in other operating revenue compared to the third quarter of 2010, partially offset by an increase in operating expenses attributed to the lines of business. Net interest revenue attributed to our lines of business improved due to continued growth in average deposits generated by our lines of business and sold to our funds management unit. Net income attributed to funds management and other decreased compared to the third quarter of 2009 due to a decrease in the allocation of operating expenses to our lines of business as a result of a decline in transaction volumes and an increase in other-than-temporary impairment charges, partially offset by a decrease in the loan loss provision.

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Table 6 – Net Income by Line of Business  
(In thousands)

|                            | Three Months Ended<br>Sept. 30, |          | Nine Month Ended Sept.<br>30, |           |
|----------------------------|---------------------------------|----------|-------------------------------|-----------|
|                            | 2010                            | 2009     | 2010                          | 2009      |
| Commercial banking         | \$27,484                        | \$10,449 | \$52,272                      | \$43,295  |
| Consumer banking           | 10,441                          | 2,427    | 37,037                        | 18,476    |
| Wealth management          | 2,018                           | 3,047    | 8,702                         | 10,266    |
| Subtotal                   | 39,943                          | 15,923   | 98,011                        | 72,037    |
| Funds management and other | 24,324                          | 34,737   | 89,911                        | 85,770    |
| Total                      | \$64,267                        | \$50,660 | \$187,922                     | \$157,807 |

### Commercial Banking

Commercial banking contributed \$27.5 million to consolidated net income in the third quarter of 2010, up \$17.0 million from the third quarter of 2009. The increase in commercial banking net income was primarily due to an \$18.1 decrease in net loans charged off and lower operating expenses.

Table 7 – Commercial  
Banking  
(Dollars in  
thousands)

|  | Three Months Ended<br>September 30, |             |                        | Nine Months Ended<br>September 30, |              |                        |
|--|-------------------------------------|-------------|------------------------|------------------------------------|--------------|------------------------|
|  | 2010                                | 2009        | Increase<br>(Decrease) | 2010                               | 2009         | Increase<br>(Decrease) |
| NIR (expense) from<br>external sources | \$87,094                            | \$87,067    | \$27                   | \$257,120                          | \$259,682    | \$(2,562)              |
| NIR (expense) from<br>internal sources | (11,942)                            | (15,219)    | 3,277                  | (37,110)                           | (41,169)     | 4,059                  |
| Total net interest<br>revenue          | 75,152                              | 71,848      | 3,304                  | 220,010                            | 218,513      | 1,497                  |
| Other operating<br>revenue             | 32,999                              | 32,789      | 210                    | 96,461                             | 100,051      | (3,590)                |
| Operating expense                      | 52,170                              | 56,697      | (4,526)                | 153,301                            | 166,728      | (13,427)               |
| Net loans charged off                  | 9,716                               | 27,819      | (18,103)               | 60,572                             | 76,832       | (16,260)               |
| Loss on repossessed<br>assets, net     | (1,283)                             | (3,020)     | 1,737                  | (17,046)                           | (4,145)      | (12,901)               |
| Income before taxes                    | 44,982                              | 17,101      | 27,880                 | 85,552                             | 70,859       | 14,693                 |
| Federal and state<br>income tax        | 17,498                              | 6,652       | 10,845                 | 33,280                             | 27,564       | 5,716                  |
| Net income                             | \$27,484                            | \$10,449    | \$17,035               | \$52,272                           | \$43,295     | \$8,977                |
| Average assets                         | \$8,912,840                         | \$9,847,655 | \$(934,815)            | \$9,027,723                        | \$10,324,426 | \$(1,296,703)          |
| Average loans                          | 8,205,542                           | 8,932,705   | (727,163)              | 8,271,726                          | 9,387,126    | (1,115,400)            |

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|   |           |           |           |           |           |           |    |
|---|-----------|-----------|-----------|-----------|-----------|-----------|----|
| Average deposits                              | 6,201,764 | 5,663,757 | 538,006   | 5,946,021 | 5,219,096 | 726,925   |    |
| Average invested capital                      | 1,048,239 | 1,075,226 | (26,987 ) | 1,010,839 | 1,063,994 | (53,155 ) |    |
| Return on average assets                      | 1.22      | % 0.42    | % 80      | bp 0.77   | % 0.56    | % 21      | bp |
| Return on invested capital                    | 10.40     | % 3.86    | % 654     | bp 6.91   | % 5.44    | % 147     | bp |
| Efficiency ratio                              | 48.24     | % 54.18   | % (594 )  | bp 48.44  | % 52.34   | % (390 )  | bp |
| Net charge-offs (annualized) to average loans | 0.47      | % 1.24    | % (77 )   | bp 0.98   | % 1.09    | % (11 )   | bp |

Net interest revenue increased \$3.3 million or 5% over the third quarter of 2009, primarily on increased average deposit balances attributed to our commercial banking unit. Average loan balances attributed to commercial banking decreased \$727 million due to reduced customer demand and normal repayment trends, which decreased net interest revenue by \$1.6 million. This was offset by an improvement in loan spreads on loans attributable to commercial banking.

Other operating revenue was largely unchanged increasing 1% over the third quarter of 2009. Transaction card revenue increased \$1.7 million. Service charges on commercial deposit accounts were down \$1.5 million compared to the third quarter of 2009 as customers kept greater commercial deposit balances to increase their earnings credit,



which provides a non-cash method for commercial customers to avoid incurring charges for deposit services based on account balance.

Operating expenses were down \$4.5 million or 8% compared to the third quarter of 2009. The decrease was primarily due to a \$7.2 million decrease in costs allocated to the commercial banking segment primarily as a result of reduced lending activities, partially offset by \$1.5 million of increased data processing costs related to higher transaction card volumes.

The average outstanding balance of loans attributed to commercial banking was \$8.2 billion for the third quarter of 2010, down \$727 million or 8% compared to the third quarter of 2009. See Loans section following for additional discussion of changes in commercial and commercial real estate loans which are primarily attributed to the commercial banking segment. Net commercial banking loans charged off decreased \$18.1 million compared to the third quarter of 2009 to \$9.7 million or 0.47% of average loans attributed to this line of business on an annualized basis.

Average deposits attributed to commercial banking were \$6.2 billion for the third quarter of 2010, up \$538 million or 9% over the third quarter of 2009. Average balances attributed to our energy customers increased \$255 million or 54%, average treasury services deposit balances increased \$179 million or 13%, average deposit balances attributable to our small business customers increased \$151 million or 13% over the third quarter of 2009.

## 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 \$10.4 million to consolidated net income for the third quarter of 2010, up \$8.0 million compared to the third quarter of 2009. Growth in net income was largely due to mortgage banking performance. Net income from mortgage banking grew \$4.9 million due to increased production and servicing revenue, partially offset by a decrease in the fair value of the mortgage servicing rights, net of economic hedge. Net income from all other consumer banking activities increased \$3.1 million. Reduced operating expenses attributed to consumer banking offset a decrease in service charge income.

Table 8 – Consumer Banking  
(Dollars in thousands)

|  | Three Months Ended |                    |                     | Nine Months Ended  |                    |                     |    |
|--|--------------------|--------------------|---------------------|--------------------|--------------------|---------------------|----|
|  | September 30, 2010 | September 30, 2009 | Increase (Decrease) | September 30, 2010 | September 30, 2009 | Increase (Decrease) |    |
| NIR (expense) from external sources                            | \$22,887           | \$15,064           | \$7,823             | \$64,058           | \$40,263           | \$23,795            |    |
| NIR (expense) from internal sources                            | 12,097             | 14,892             | (2,795 )            | 35,409             | 61,000             | (25,591 )           |    |
| Total net interest revenue                                     | 34,984             | 29,956             | 5,028               | 99,467             | 101,263            | (1,796 )            |    |
| Other operating revenue  | 57,342             | 43,578             | 13,764              | 151,051            | 138,495            | 12,556              |    |
| Operating expense  | 60,012             | 63,755             | (3,743 )            | 178,215            | 190,143            | (11,928 )           |    |
| Net loans charged off  | 6,583              | 7,079              | (496 )              | 19,859             | 18,316             | 1,543               |    |
| Increase (decrease) in fair value of mortgage servicing rights | (15,924 )          | (2,981 )           | (12,943 )           | (21,450 )          | 6,839              | (28,289 )           |    |
| Gain (loss) on financial instruments, net                      | 8,045              | 3,560              | 4,485               | 30,265             | (8,758 )           | 39,023              |    |
| Gain (loss) on repossessed assets, net                         | (763 )             | 693                | (1,456 )            | (642 )             | 859                | (1,501 )            |    |
| Income before taxes  | 17,089             | 3,972              | 13,117              | 60,617             | 30,239             | 30,378              |    |
| Federal and state income tax                                   | 6,648              | 1,545              | 5,103               | 23,580             | 11,763             | 11,817              |    |
| Net income   | \$10,441           | \$2,427            | \$8,014             | \$37,037           | \$18,476           | \$18,561            |    |
| Average assets   | \$6,304,499        | \$6,190,573        | \$113,926           | \$6,221,464        | \$6,164,170        | \$57,294            |    |
| Average loans  | 2,114,019          | 2,303,654          | (189,635 )          | 2,133,966          | 2,524,782          | (390,816 )          |    |
| Average deposits   | 6,177,740          | 6,089,389          | 88,352              | 6,112,910          | 6,064,533          | 48,377              |    |
| Average invested capital                                       | 179,182            | 237,477            | (58,295 )           | 199,448            | 239,790            | (40,342 )           |    |
| Return on average assets                                       | 0.66               | % 0.16             | % 50                | bp 0.80            | % 0.40             | % 40                | bp |

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|   |           |   |           |   |         |      |             |   |             |   |             |      |
|---|-----------|---|-----------|---|---------|------|-------------|---|-------------|---|-------------|------|
| Return on invested capital                    | 23.12     | % | 4.05      | % | 1,907   | bp   | 24.83       | % | 10.30       | % | 1,453       | bp   |
| Efficiency ratio                              | 65.00     | % | 86.70     | % | (2,170) | ) bp | 71.14       | % | 79.31       | % | (817)       | ) bp |
| Net charge-offs (annualized) to average loans | 1.24      | % | 1.22      | % | 2       | bp   | 1.24        | % | 0.97        | % | 27          | bp   |
| Mortgage loans funded for resale              | \$830,050 |   | \$536,173 |   | 293,877 |      | \$1,752,819 |   | \$2,268,006 |   | \$(515,187) |      |

|                                    | September 30, 2010 | September 30, 2009 | Increase (Decrease) |
|------------------------------------|--------------------|--------------------|---------------------|
| Branch locations                   | 198                | 195                | 3                   |
| Mortgage loans serviced for others | \$ 11,190,802      | \$ 6,339,764       | \$ 4,851,038        |

Net interest revenue from consumer banking activities increased \$5.0 million or 17% over the third quarter of 2009 primarily due to an \$88 million increase in average deposit balances. Average earning assets were up 2% over the third quarter of 2009, including a \$334 million increase in the mortgage trading securities portfolio which increased net interest revenue by \$3.0 million. Net interest revenue decreased \$1.2 million related primarily to a \$190 million decrease in average loan balances attributed to the consumer banking division due to continued pay-downs of indirect automobile loans. The Company previously disclosed its decision to exit the indirect automobile loan business in the first quarter of 2009.

Other operating revenue increased \$13.8 million or 32% over the third quarter of 2009 primarily due to a \$16 million increase in mortgage banking revenue. Revenue from originating and marketing mortgage loans increased \$11 million on increased lending volumes and mortgage servicing revenue increased \$5 million primarily due to the purchase of \$4.2 billion of residential mortgage loan servicing rights in the first quarter of 2010. Deposit service charges decreased \$4.6 million primarily due to lower overdraft fees as a result of changes in banking regulations that became effective in the third quarter.

Operating expenses decreased \$3.7 million or 6% compared to the third quarter of 2009, primarily due to a \$5.5 million decrease in corporate expenses allocated to the consumer banking division, offset by increases in other operating expenses.

Net loans charged off by the consumer banking unit totaled \$6.6 million in the third quarter of 2010 down from \$7.1 million in the third quarter of 2009. Net consumer banking charge-offs include residential mortgage loans, indirect automobile loans, overdrawn deposit accounts and other direct consumer loans.

Average consumer deposits increased \$88 million or 1% over the third quarter of 2009. Average interest-bearing transaction accounts were up \$318 million or 13% and average demand deposit accounts increased \$111 million or 14% over the third quarter of 2009. Higher-costing average time deposits decreased \$357 million or 13% compared to the third quarter of 2009. Movement of funds among the various types of consumer deposits was largely based on interest rates and product features offered.

Our Consumer Banking division originates, markets and services conventional and government-sponsored mortgage loans for all of our geographical markets. During the third quarter of 2010, \$831 million of mortgage loans were funded compared with \$536 million funded in the third quarter of 2009. Approximately 42% of our mortgage loans funded was in the Oklahoma market, 14% in the Colorado market, 14% in the New Mexico market and 13% in the Texas market. In addition to the \$11 billion of mortgage loans serviced for others, the Consumer banking division also services \$813 million of loans for affiliated entities. Approximately 95% of the mortgage loans serviced was to borrowers in our primary geographical market areas. Mortgage servicing revenue increased to \$10.2 million in the third quarter of 2010 from \$5.2 million in the third quarter of 2009, primarily due to mortgage servicing rights purchased in the first quarter of 2010.

Changes in fair value of our mortgage loan servicing rights, net of economic hedge, decreased consumer banking pre-tax net income by \$7.9 million in the third quarter of 2010 compared to an increase in pre-tax net income of \$579 thousand in the third quarter of 2009. Changes in the fair value of mortgage servicing rights and securities held as an economic hedge are due to movements in interest rates, actual and anticipated loan prepayment speeds and related factors. Net interest revenue on mortgage trading securities totaled \$5.7 million for the third quarter of 2010 and \$2.7 million for the third quarter of 2009.

## Wealth Management

Wealth Management contributed consolidated net income of \$2.0 million, down \$1.0 million or 34% compared to the third quarter 2009. The decrease in net income was primarily due to an increase in net loans charged off and increased operating expenses, partially offset by an increase in retail brokerage fees.

Table 9 – Wealth Management  
(Dollars in thousands)

|   | Three Months Ended<br>September 30, |               | Increase<br>(Decrease) | Nine Months Ended<br>September 30, |             | Increase<br>(Decrease) |
|---|-------------------------------------|---------------|------------------------|------------------------------------|-------------|------------------------|
|   | 2010                                | 2009          |                        | 2010                               | 2009        |                        |
| NIR (expense) from external sources                                   | \$7,533                             | \$7,774       | \$(241 )               | \$24,505                           | \$17,319    | \$7,186                |
| NIR (expense) from internal sources                                   | 3,178                               | 2,026         | 1,152                  | 8,590                              | 15,352      | (6,762 )               |
| Total net interest revenue  | 10,711                              | 9,800         | 911                    | 33,095                             | 32,671      | 424                    |
| Other operating revenue   | 42,145                              | 40,847        | 1,298                  | 121,485                            | 120,676     | 809                    |
| Operating expense   | 45,985                              | 44,571        | 1,414                  | 130,886                            | 128,898     | 1,988                  |
| Net loans charged off   | 3,834                               | 1,089         | 2,745                  | 9,734                              | 7,647       | 2,087                  |
| Gain on financial instruments, net                                    | 266                                 | –             | 266                    | 282                                | –           | 282                    |
| Income before taxes   | 3,303                               | 4,987         | (1,684 )               | 14,242                             | 16,802      | (2,560 )               |
| Federal and state income tax  | 1,285                               | 1,940         | (655 )                 | 5,540                              | 6,536       | (996 )                 |
| Net income  | \$2,018                             | \$3,047       | \$(1,029 )             | \$8,702                            | \$10,266    | \$(1,564 )             |
| Average assets  | \$3,593,863                         | \$2,833,228   | \$760,635              | \$3,413,492                        | \$2,976,690 | \$436,802              |
| Average loans   | 1,066,361                           | 1,067,375     | (1,014 )               | 1,078,609                          | 1,048,421   | 30,188                 |
| Average deposits  | 3,458,296                           | 2,717,049     | 741,247                | 3,331,613                          | 2,906,428   | 425,185                |
| Average invested capital  | 173,870                             | 200,015       | (26,145 )              | 183,351                            | 196,358     | (13,007 )              |
| Return on assets  | 0.22 %                              | 0.43 %        | (21 ) bp               | 0.34 %                             | 0.46 %      | (12 ) bp               |
| Return on invested capital  | 4.60 %                              | 6.04 %        | (144 ) bp              | 6.35 %                             | 6.99 %      | (64 ) bp               |
| Efficiency ratio  | 87.00 %                             | 88.00 %       | (100 ) bp              | 84.67 %                            | 84.06 %     | 61 bp                  |
| Net charge-offs (annualized) to average loans                         | 1.43 %                              | 0.40 %        | 103 bp                 | 1.21 %                             | 0.98 %      | 23 bp                  |
|   |                                     | September 30, | September 30,          | Increase                           |             |                        |
|   |                                     | 2010          | 2009                   | (Decrease)                         |             |                        |
| Trust assets  |                                     | \$ 31,460,021 | \$ 29,945,585          | \$ 1,514,436                       |             |                        |
| Trust assets for which BOKF has sole or joint discretionary authority |                                     | 10,848,068    | 10,886,389             | (38,321 )                          |             |                        |
| Non-managed trust assets  |                                     | 11,796,253    | 11,027,840             | 768,413                            |             |                        |

|                            |           |           |         |
|----------------------------|-----------|-----------|---------|
| Assets held in safekeeping | 8,815,700 | 8,031,356 | 784,344 |
|----------------------------|-----------|-----------|---------|

Net interest revenue for the third quarter of 2010 increased \$911 thousand or 9% over the third quarter of 2009 primarily due to a \$741 million increase in average deposits partially offset by a decrease in the yield on securities and loans.

Other operating revenue increased \$1.3 million or 3% over the third quarter of 2009, primarily due to a \$2.6 million increase in retail brokerage fees partially offset by a decrease in other fee income. Trust fees were up 3% primarily due to increases in the fair value trust assets.

The Wealth Management division provides state and municipal bond underwriting and financial advisory services, primarily in the Oklahoma and Texas markets. The division participated in 19 underwritings that totaled approximately \$1.2 billion during the third quarter of 2010. Our interest in these underwritings totaled approximately \$344 million.

Operating expenses increased \$1.4 million or 3% over the third quarter of 2009 primarily due to a \$1.6 million increase in commissions related to brokerage and trading revenue.

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 interest bearing transaction accounts and demand deposits, offset by a decrease in higher costing time deposits. The continued growth in wealth management deposits reflect continued movement of customer funds from managed money market products that were not on the Company's balance sheet to deposits as well as customer relationship growth. Average deposits provided by the wealth management division in the third quarter of 2010 increased \$741 million compared over the third quarter of 2009. Interest-bearing transaction accounts averaged \$2.4 billion for the third quarter of 2010, an increase of \$790 million or 47% over the third quarter of 2009. Average time deposits were \$705 million, down \$108 million or 13% compared to last year.

#### Geographical Market Distribution

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

Table 10 – Net Income by Geographic Region  
(In thousands)

|                            | Three Months Ended |          | Nine Months Ended |           |
|----------------------------|--------------------|----------|-------------------|-----------|
|                            | September 30,      |          | September 30,     |           |
|                            | 2010               | 2009     | 2010              | 2009      |
| Oklahoma                   | \$27,727           | \$18,678 | \$85,038          | \$70,754  |
| Texas                      | 7,845              | 3,930    | 19,997            | 13,316    |
| New Mexico                 | 1,724              | 873      | 4,849             | 4,923     |
| Arkansas                   | 1,613              | 2,154    | 2,058             | 8,479     |
| Colorado                   | 1,264              | (6,666 ) | 2,227             | (8,138 )  |
| Arizona                    | (1,292 )           | (4,702 ) | (18,521 )         | (22,338 ) |
| Kansas / Missouri          | 1,624              | 1,698    | 3,491             | 5,073     |
| Subtotal                   | 40,505             | 15,965   | 99,139            | 72,069    |
| Funds management and other | 23,762             | 34,695   | 88,783            | 85,738    |
| Total                      | \$64,267           | \$50,660 | \$187,922         | \$157,807 |

## Oklahoma Market

Oklahoma is a significant market to the Company. Our Oklahoma offices are located primarily in the Tulsa and Oklahoma City metropolitan areas. Approximately 51% of our average loans, 54% of our average deposits and 43% of our consolidated net income is attributed to the Oklahoma market. In addition, all of our mortgage servicing activity, TransFund network and 76% of our trust assets are attributed to the Oklahoma market.

Table 11 – Oklahoma  
(Dollars in thousands)

|  | Three Months Ended |             |             | Nine Months Ended |             |            |    |
|--|--------------------|-------------|-------------|-------------------|-------------|------------|----|
|  | September 30,      |             | Increase    | September 30,     |             | Increase   |    |
|  | 2010               | 2009        | (Decrease)  | 2010              | 2009        | (Decrease) |    |
| Net interest revenue   | \$62,626           | \$56,313    | \$6,313     | \$181,211         | \$178,023   | \$3,188    |    |
| Other operating revenue                                      | 84,080             | 78,874      | 5,206       | 240,422           | 242,660     | (2,238 )   |    |
| Operating expense  | 84,826             | 93,883      | (9,057 )    | 252,250           | 278,466     | (26,216 )  |    |
| Net loans charged off  | 7,203              | 11,652      | (4,449 )    | 37,765            | 25,041      | 12,724     |    |
| Increase (decrease) in fair value of mortgage service rights | (15,924 )          | (2,981 )    | (12,943 )   | (21,450 )         | 6,839       | (28,289 )  |    |
| Gain (loss) on financial instruments, net                    | 8,311              | 3,560       | 4,751       | 30,547            | (8,758 )    | 39,305     |    |
| Gain (loss) on repossessed assets, net                       | (1,684 )           | 339         | (2,023 )    | (1,537 )          | 544         | (2,081 )   |    |
| Income before taxes  | 45,380             | 30,570      | 14,810      | 139,178           | 115,801     | 23,377     |    |
| Federal and state income tax                                 | 17,653             | 11,892      | 5,761       | 54,140            | 45,047      | 9,093      |    |
| Net income   | \$27,727           | \$18,678    | \$9,049     | \$85,038          | \$70,754    | \$14,284   |    |
| Average assets   | \$9,838,481        | \$8,682,705 | \$1,155,776 | \$9,571,475       | \$8,794,899 | \$776,576  |    |
| Average loans  | 5,486,572          | 5,888,614   | (402,042 )  | 5,505,572         | 6,222,843   | (717,271 ) |    |
| Average deposits   | 8,873,662          | 7,889,417   | 984,245     | 8,599,994         | 7,799,795   | 800,199    |    |
| Average invested capital                                     | 563,069            | 573,617     | (10,548 )   | 537,064           | 570,560     | (33,496 )  |    |
| Return on average assets                                     | 1.12               | % 0.85      | % 27        | bp 1.19           | % 1.08      | % 11       | bp |
| Return on invested capital                                   | 19.54              | % 12.92     | % 662       | bp 21.17          | % 16.58     | % 459      | bp |
| Efficiency ratio   | 57.82              | % 69.45     | % (1,163 )  | bp 59.83          | % 66.19     | % (636 )   | bp |
| Net charge-offs (annualized) to average loans                | 0.52               | % 0.79      | % (27 )     | bp 0.92           | % 0.54      | % 38       | bp |



Net income generated in the Oklahoma market in the third quarter of 2010 increased \$9.0 million or 48% over the third quarter of 2009. Net interest revenue increased \$6.3 million and other operating revenue increased \$5.2 million. Other operating expense decreased \$9.1 million and net loans charged off decreased \$4.4 million. Change in the fair value of the mortgage servicing rights, net of economic hedge decreased pre-tax net income by \$7.9 million for the third quarter of 2010 and increased pre-tax net income by \$579 thousand in the third quarter of 2009.

Net interest revenue increased \$6.3 million over the third quarter of 2009. Net interest revenue increased from improved loan spreads and a \$984 million increase in average deposits attributed to the Oklahoma market. Average loans attributed to the Oklahoma market decreased \$402 million.

Other operating revenue increased \$5.2 million or 7% compared to the third quarter of 2009. Mortgage banking revenue increased \$10.2 million over the third quarter of 2009. Revenue from originating and marketing mortgages increased \$5.2 million on increased funding volumes. Mortgage servicing revenue increased \$5.0 million primarily due to the purchase of mortgage servicing rights in the first quarter of 2010. Deposit service charges decreased \$4.3 million primarily due to a decline in overdraft fees as a result of changes in banking regulations that became effective in the third quarter of 2010.

Other operating expenses decreased \$9.1 million compared to the prior year, primarily due to a decrease in corporate expenses allocated to the Oklahoma market, partially offset by an increase in personnel expenses and data processing

expenses on higher transaction volumes.

Net loans charged off totaled \$7.2 million or 0.52% of average loans on an annualized basis for third quarter of 2010 compared with \$11.7 million or 0.79% of average loans on an annualized basis for the third quarter of 2009.

Average deposits in the Oklahoma market for the third quarter of 2010 increased \$984 million over the third quarter of 2009. Commercial and wealth management units, including trust, broker/dealer and private banking increased over the prior year, partially offset by a decrease in consumer banking deposits.

#### Texas Market

Texas is our second largest market. Our Texas offices are located primarily in the Dallas, Fort Worth and Houston metropolitan areas. Approximately 30% of our average loans, 23% of our average deposits and 12% of our consolidated net income is attributed to the Texas market.

Table 12 – Texas  
(Dollars in thousands)

|   | Three Months Ended |             |            | Nine Months Ended |             |            |      |
|---|--------------------|-------------|------------|-------------------|-------------|------------|------|
|   | September 30,      |             | Increase   | September 30,     |             | Increase   |      |
|   | 2010               | 2009        | (Decrease) | 2010              | 2009        | (Decrease) |      |
| Net interest revenue                          | \$33,603           | \$31,829    | \$1,774    | \$99,460          | \$100,377   | \$(917 )   |      |
| Other operating revenue                       | 15,883             | 13,684      | 2,199      | 45,376            | 37,276      | 8,100      |      |
| Operating expense                             | 33,004             | 34,616      | (1,612 )   | 97,169            | 100,301     | (3,132 )   |      |
| Net loans charged off                         | 3,310              | 4,021       | (711 )     | 14,435            | 15,743      | (1,308 )   |      |
| Loss on repossessed assets, net               | (914 )             | (736 )      | (178 )     | (1,986 )          | (803 )      | (1,183 )   |      |
| Income before taxes                           | 12,258             | 6,140       | 6,118      | 31,246            | 20,806      | 10,440     |      |
| Federal and state income tax                  | 4,413              | 2,210       | 2,203      | 11,249            | 7,490       | 3,759      |      |
| Net income                                    | \$7,845            | \$3,930     | \$3,915    | \$19,997          | \$13,316    | \$6,681    |      |
| Average assets                                | \$4,520,503        | \$4,237,482 | \$283,021  | \$4,398,830       | \$4,069,445 | \$329,385  |      |
| Average loans                                 | 3,302,591          | 3,504,839   | (202,248 ) | 3,328,363         | 3,679,562   | (351,199 ) |      |
| Average deposits                              | 3,939,111          | 3,791,236   | 147,875    | 3,825,178         | 3,602,594   | 222,584    |      |
| Average invested capital                      | 558,519            | 549,006     | 9,513      | 540,486           | 540,914     | (428 )     |      |
| Return on average assets                      | 0.69               | % 0.37      | % 32       | bp 0.61           | % 0.44      | % 17       | bp   |
| Return on invested capital                    | 5.57               | % 2.84      | % 273      | bp 4.95           | % 3.29      | % 166      | bp   |
| Efficiency ratio                              | 66.69              | % 76.06     | % (937     | ) bp 67.09        | % 72.87     | % (578     | ) bp |
| Net charge-offs (annualized) to average loans | 0.40               | % 0.46      | % (6       | ) bp 0.58         | % 0.57      | % 1        | bp   |

Net income in the Texas market increased \$3.9 million over the third quarter of 2009 primarily due to increased operating revenue and net interest revenue and decreased operating expenses and net loans charged off.

Net interest revenue increased \$1.8 million or 6% over the third quarter of 2009 primarily due to a \$148 million increase in average deposits attributed to the Texas market. Average outstanding loans decreased \$202 million or 6% compared to the third quarter of 2009.

Other operating revenue increased \$2.2 million or 16% over the third quarter of 2009 primarily due to a \$1.3 million increase in mortgage revenue on higher mortgage funding volumes. Deposit service charges decreased \$1.1 million due primarily to lower overdraft fees as a result of changes in banking regulation that became effective in the third quarter. All other fee income categories increased over the third quarter 2009.

Operating expenses were down \$1.6 million compared to the prior year primarily due to a decrease in corporate expenses allocated to the Texas market. Personnel expenses were up 2% over the third quarter of 2009.

Net loans charged off totaled \$3.3 million or 0.40% of average loans for third quarter of 2010 on an annualized basis, down from \$4.0 million or 0.46% of average loans for the third quarter of 2009 on an annualized basis.

#### Other Markets

Net income attributable to our New Mexico market increased \$851 thousand over the third quarter of 2009 to \$1.7 million or 3% of consolidated net income. Net interest income increased due to increased average deposits balances and other operating revenues increased over the prior year due to increased mortgage revenue on higher funding volumes, partially offset by lower overdraft fees. Although we attribute all mortgage servicing to the Oklahoma market, the purchase of the rights to service \$4.2 billion of residential mortgage loans in the first quarter of 2010 gives us the ability to further develop relationships with approximately 34 thousand additional customers, primarily located in the New Mexico market. Other operating expenses decreased due to lower corporate cost allocations.

For the third quarter of 2010, net income in the Arkansas market decreased \$541 thousand compared to 2009. Net interest revenue decreased \$378 thousand primarily due to an \$80 million decrease in average loans. Average deposits in our Arkansas market were up \$43 million or 25% over the third quarter of 2009 due primarily to commercial banking deposits. Wealth management and consumer deposits also increased over the third quarter of 2009. Funds transfer pricing improved over the third quarter of 2009 for funds sold to the funds management unit. Other operating revenue increased \$3.4 million primarily on increased mortgage securities trading revenue at our Little Rock office. Other operating expenses increased \$2.9 million on higher incentive compensation costs related to trading activity and increased corporate cost allocations. Net loans charged off increased to \$1.3 million or 1.64% of average loans on an annualized basis from \$733 thousand or 0.73% on an annualized basis in the third quarter of 2009. Losses on repossessed assets increased \$405 thousand compared to the third quarter of 2009.

Net income attributed to our Colorado market increased \$7.9 million to \$1.3 million compared to a net loss of \$6.7 million in the third quarter of 2009. Net loans charged off decreased \$9.8 million compared to the third quarter of 2009. Other operating revenue increased \$1.7 million primarily on higher mortgage origination revenue. Net interest income increased and operating expenses decreased.

Arizona market performance improved to a \$1.3 million net loss in the third quarter of 2010 compared with a \$4.7 million net loss in the third quarter of 2009. Losses on repossessed assets and net loans charged off decreased \$3.9 million compared to the third quarter of 2009. Net interest revenue and operating revenue increased and operating expenses decreased from last year. Average deposits continue to grow, increasing \$33 million or 16% over the third quarter of 2009. Average loans decreased \$30 million or 5% compared to the prior year.

Consistent with plans when we first acquired Valley Commerce Bank in Phoenix in 2005, our objective is to focus on growth in commercial and small business lending in the Arizona market. We expanded our commercial lending staff in this market and opened three new banking locations during 2009. We have significantly scaled back commercial real estate lending activities which were not contemplated in our initial expansion into this market and exited the Tucson market in the first quarter of 2009 which we first entered in 2006. Losses incurred during the first nine months of 2010 and all of 2009 are largely due to commercial real estate lending. Outstanding loans attributed to the Arizona market increased \$62 million or 14% from June 30, 2010. Assets attributable to the Arizona market included \$16 million of goodwill that may be impaired in future periods if these commercial and small business lending growth plans are unsuccessful.

Net income attributed to the Kansas / Missouri market was flat with the prior year. Increased operating expenses compared to the prior year were mostly offset by increased net interest and other operating revenues. Total average deposits increased \$85 million or 50% over the third quarter of 2009. Average loans were down \$1.5 million or 1% compared to the prior year.



Table 13 – New Mexico  
(Dollars in thousands)

|   | Three Months Ended |             |                        | Nine Months Ended |             |                        |    |
|---|--------------------|-------------|------------------------|-------------------|-------------|------------------------|----|
|   | September 30,      |             | Increase<br>(Decrease) | September 30,     |             | Increase<br>(Decrease) |    |
|   | 2010               | 2009        |                        | 2010              | 2009        |                        |    |
| Net interest revenue                                | \$8,138            | \$7,924     | \$214                  | \$23,822          | \$24,690    | \$(868 )               |    |
| Other operating revenue                             | 6,931              | 6,070       | 861                    | 19,025            | 17,989      | 1,036                  |    |
| Operating expense                                   | 10,117             | 9,834       | 283                    | 26,967            | 29,016      | (2,049 )               |    |
| Net loans charged off                               | 2,088              | 2,731       | (643 )                 | 5,210             | 4,680       | 530                    |    |
| Loss on repossessed<br>assets, net                  | (43 )              | –           | (43 )                  | (2,734 )          | (925 )      | (1,809 )               |    |
| Income before taxes                                 | 2,821              | 1,429       | 1,392                  | 7,936             | 8,058       | (122 )                 |    |
| Federal and state<br>income tax                     | 1,097              | 556         | 541                    | 3,087             | 3,135       | (48 )                  |    |
| Net income  | \$1,724            | \$873       | \$851                  | \$4,849           | \$4,923     | \$(74 )                |    |
| Average assets                                      | \$1,345,908        | \$1,271,339 | \$74,569               | \$1,302,189       | \$1,252,910 | \$49,279               |    |
| Average loans                                       | 707,256            | 807,407     | (100,151 )             | 723,823           | 822,493     | (98,670 )              |    |
| Average deposits                                    | 1,245,864          | 1,169,220   | 76,644                 | 1,215,905         | 1,145,099   | 70,806                 |    |
| Average invested<br>capital                         | 77,027             | 95,193      | (18,166 )              | 81,753            | 98,001      | (16,248 )              |    |
| Return on average<br>assets                         | 0.51               | % 0.27      | % 24                   | bp 0.50           | % 0.53      | % (3 )                 | bp |
| Return on invested<br>capital                       | 8.88               | % 3.64      | % 524                  | bp 7.93           | % 6.72      | % 121                  | bp |
| Efficiency ratio                                    | 67.14              | % 70.27     | % (313 )               | bp 62.94          | % 67.99     | % (505 )               | bp |
| Net charge-offs<br>(annualized) to average<br>loans | 1.17               | % 1.34      | % (17 )                | bp 0.96           | % 0.76      | % 20                   | bp |

Table 14 – Arkansas  
(Dollars in thousands)

|                         | Three Months Ended |         |                        | Nine Months Ended |         |                        |
|-------------------------|--------------------|---------|------------------------|-------------------|---------|------------------------|
|                         | September 30,      |         | Increase<br>(Decrease) | September 30,     |         | Increase<br>(Decrease) |
|                         | 2010               | 2009    |                        | 2010              | 2009    |                        |
| Net interest revenue    | \$2,521            | \$2,899 | \$(378 )               | \$7,798           | \$8,856 | \$(1,058 )             |
| Other operating revenue | 11,852             | 8,464   | 3,388                  | 29,372            | 28,660  | 712                    |
| Operating expense       | 9,985              | 7,070   | 2,915                  | 27,412            | 21,039  | 6,373                  |
| Net loans charged off   | 1,308              | 733     | 575                    | 5,514             | 2,564   | 2,950                  |
|                         | (440 )             | (35 )   | (405 )                 | (876 )            | (36 )   | (840 )                 |

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Loss on repossessed  
assets, net

|   |           |           |             |           |           |             |    |
|---|-----------|-----------|-------------|-----------|-----------|-------------|----|
| Income before taxes                                 | 2,640     | 3,525     | (885 )      | 3,368     | 13,877    | (10,509 )   |    |
| Federal and state income tax                        | 1,027     | 1,371     | (344 )      | 1,310     | 5,398     | (4,088 )    |    |
| Net income  | \$1,613   | \$2,154   | \$(541 )    | \$2,058   | \$8,479   | \$(6,421 )  |    |
| Average assets                                      | \$344,938 | \$415,735 | \$(70,797 ) | \$362,226 | \$431,771 | \$(69,545 ) |    |
| Average loans                                       | 317,081   | 397,159   | (80,078 )   | 339,305   | 418,322   | (79,017 )   |    |
| Average deposits                                    | 215,459   | 172,086   | 43,373      | 187,126   | 152,657   | 34,469      |    |
| Average invested capital                            | 19,062    | 34,145    | (15,083 )   | 24,986    | 34,400    | (9,414 )    |    |
| Return on average assets                            | 1.86      | % 2.06    | % (20 )     | bp 0.76   | % 2.63    | % (187 )    | bp |
| Return on invested capital                          | 33.57     | % 25.03   | % 854       | bp 11.01  | % 32.95   | % (2,194 )  | bp |
| Efficiency ratio                                    | 69.47     | % 62.22   | % 725       | bp 73.75  | % 56.08   | % 1,767     | bp |
| Net charge-offs<br>(annualized) to average<br>loans | 1.64      | % 0.73    | % 91        | bp 2.17   | % 0.82    | % 135       | bp |

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Table 15 – Colorado  
(Dollars in thousands)

|   | Three Months Ended    |             | Increase<br>(Decrease) | Nine Months Ended     |             | (Decrease)  |
|---|-----------------------|-------------|------------------------|-----------------------|-------------|-------------|
|   | September 30,<br>2010 | 2009        |                        | September 30,<br>2010 | 2009        |             |
| Net interest revenue                          | \$8,212               | \$7,850     | \$362                  | \$24,864              | \$26,247    | \$(1,383 )  |
| Other operating revenue                       | 5,430                 | 3,780       | 1,650                  | 15,425                | 13,042      | 2,383       |
| Operating expense                             | 9,190                 | 10,085      | (895 )                 | 27,619                | 29,321      | (1,702 )    |
| Net loans charged off                         | 2,426                 | 12,197      | (9,771 )               | 8,469                 | 23,086      | (14,617 )   |
| Gain (loss) on repossessed assets, net        | 43                    | (258 )      | 301                    | (556 )                | (201 )      | (355 )      |
| Income (loss) before taxes                    | 2,069                 | (10,910 )   | 12,979                 | 3,645                 | (13,319 )   | 16,964      |
| Federal and state income tax                  | 805                   | (4,244 )    | 5,049                  | 1,418                 | (5,181 )    | 6,599       |
| Net income (loss)                             | \$1,264               | \$(6,666 )  | \$7,930                | \$2,227               | \$(8,138 )  | \$10,365    |
| Average assets                                | \$1,199,648           | \$1,207,493 | \$(7,845 )             | \$1,201,258           | \$1,221,616 | \$(20,358 ) |
| Average loans                                 | 753,723               | 855,358     | (101,635 )             | 782,451               | 931,253     | (148,802 )  |
| Average deposits                              | 1,124,962             | 1,127,381   | (2,419 )               | 1,129,109             | 1,146,062   | (16,953 )   |
| Average invested capital                      | 110,909               | 157,342     | (46,433 )              | 125,298               | 148,644     | (23,346 )   |
| Return on average assets                      | 0.42                  | % (2.19 )%  | 261 bp                 | 0.25                  | % (0.89 )%  | 114 bp      |
| Return on invested capital                    | 4.52                  | % (16.81 )% | 2,133 bp               | 2.38                  | % (7.32 )%  | 970 bp      |
| Efficiency ratio                              | 67.37                 | % 86.72 %   | (1,935 ) bp            | 68.55                 | % 74.63 %   | (608 ) bp   |
| Net charge-offs (annualized) to average loans | 1.28                  | % 5.66 %    | (438 ) bp              | 1.45                  | % 3.31 %    | (186 ) bp   |

Table 16 – Arizona  
(Dollars in thousands)

|                         | Three Months Ended    |         | Increase<br>(Decrease) | Nine Months Ended     |         | (Increase)<br>(Decrease) |
|-------------------------|-----------------------|---------|------------------------|-----------------------|---------|--------------------------|
|                         | September 30,<br>2010 | 2009    |                        | September 30,<br>2010 | 2009    |                          |
| Net interest revenue    | \$3,349               | \$2,544 | \$805                  | \$8,653               | \$8,301 | \$352                    |
| Other operating revenue | 1,724                 | 1,027   | 697                    | 3,544                 | 2,176   | 1,368                    |
| Operating expense       | 4,844                 | 4,977   | (133 )                 | 14,173                | 14,223  | (50 )                    |
| Net loans charged off   | 3,337                 | 4,654   | (1,317 )               | 18,359                | 30,949  | (12,590 )                |



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|   |            |            |             |             |             |             |
|---|------------|------------|-------------|-------------|-------------|-------------|
| Gain (loss) on repossessed assets, net        | 994        | (1,636 )   | 2,630       | (9,978 )    | (1,865 )    | (8,113 )    |
| Loss before taxes                             | (2,114 )   | (7,696 )   | 5,582       | (30,313 )   | (36,560 )   | 6,247       |
| Federal and state income tax                  | (822 )     | (2,994 )   | 2,172       | (11,792 )   | (14,222 )   | 2,430       |
| Net loss                                      | \$(1,292 ) | \$(4,702 ) | \$3,410     | \$(18,521 ) | \$(22,338 ) | \$3,817     |
| Average assets                                | \$621,609  | \$644,061  | \$(22,452 ) | \$604,023   | \$629,943   | \$(25,920 ) |
| Average loans                                 | 529,099    | 559,227    | (30,128 )   | 517,421     | 574,612     | (57,191 )   |
| Average deposits                              | 233,276    | 200,484    | 32,792      | 215,145     | 176,653     | 38,492      |
| Average invested capital                      | 51,232     | 79,325     | (28,093 )   | 62,031      | 83,306      | (21,275 )   |
| Return on average assets                      | (0.82 )%   | (2.90 )%   | 208 bp      | (4.10 )%    | (4.74 )%    | 64 bp       |
| Return on invested capital                    | (10.01 )%  | (23.52 )%  | 1,351 bp    | (39.92 )%   | (35.85 )%   | (407 ) bp   |
| Efficiency ratio                              | 95.49 %    | 139.37 %   | (4,388 ) bp | 116.20 %    | 135.75 %    | (1,955 ) bp |
| Net charge-offs (annualized) to average loans | 2.50 %     | 3.30 %     | (80 ) bp    | 4.74 %      | 7.20 %      | (246 ) bp   |

Table 17 – Kansas /  
Missouri  
(Dollars in thousands)

|   | Three Months Ended    |                       | Increase<br>(Decrease) | Nine Months Ended     |                       | (Increase)<br>(Decrease) |
|---|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|--------------------------|
|   | September 30,<br>2010 | September 30,<br>2009 |                        | September 30,<br>2010 | September 30,<br>2009 |                          |
| Net interest revenue                                | \$2,411               | \$2,245               | \$166                  | \$6,774               | \$5,902               | \$872                    |
| Other operating revenue                             | 5,387                 | 4,825                 | 562                    | 14,060                | 15,372                | (1,312 )                 |
| Operating expense                                   | 5,144                 | 4,291                 | 853                    | 15,151                | 12,239                | 2,912                    |
| Net loans charged off<br>(recovered)                | (4 )                  | –                     | (4 )                   | (52 )                 | 733                   | (785 )                   |
| Loss on repossessed<br>assets, net                  | –                     | –                     | –                      | (21 )                 | –                     | (21 )                    |
| Income before taxes                                 | 2,658                 | 2,779                 | (121 )                 | 5,714                 | 8,302                 | (2,588 )                 |
| Federal and state income<br>tax                     | 1,034                 | 1,081                 | (47 )                  | 2,223                 | 3,229                 | (1,006 )                 |
| Net income  | \$1,624               | \$1,698               | \$(74 )                | \$3,491               | \$5,073               | \$(1,582 )               |
| Average assets                                      | \$300,822             | \$310,941             | \$(10,119 )            | \$298,385             | \$317,499             | \$(19,114 )              |
| Average loans                                       | 289,600               | 291,127               | (1,527 )               | 287,365               | 309,202               | (21,837 )                |
| Average deposits                                    | 255,530               | 170,458               | 85,072                 | 218,086               | 167,193               | 50,893                   |
| Average invested capital                            | 21,220                | 24,090                | (2,870 )               | 22,020                | 24,328                | (2,308 )                 |
| Return on average assets                            | 2.14                  | 2.17                  | (3 ) bp                | 1.56                  | 2.14                  | (58 ) bp                 |
| Return on invested<br>capital                       | 30.36                 | 27.96                 | 240 bp                 | 21.20                 | 27.88                 | (668 ) bp                |
| Efficiency ratio                                    | 65.97                 | 60.69                 | 528 bp                 | 72.72                 | 57.53                 | 1,519 bp                 |
| Net charge-offs<br>(annualized) to average<br>loans | (0.01 %)              | – %                   | (1 ) bp                | (0.02 %)              | 0.32 %                | (34 ) bp                 |

## Financial Condition

### Securities

We maintain a securities portfolio to enhance profitability, support interest rate risk management strategies, provide liquidity and comply with regulatory requirements. Securities are classified as held for investment, available for sale or trading. See Note 2 to the consolidated financial statements for the composition of the securities portfolio as of September 30, 2010.

Investment (held-to-maturity) securities, which consist primarily of Oklahoma municipal bonds and Texas school construction bonds, are carried at cost and adjusted for amortization of premiums or accretion of discounts. At September 30, 2010, investment securities were carried at \$344 million and had a fair value of \$358 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 \$9.3 billion at September 30, 2010, up \$294 million over June 30, 2010. At September 30, 2010, residential mortgage-backed securities represented 97% of total available for sale securities. We hold no securities backed by sub-prime mortgage loans, collateralized debt obligations or collateralized 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. Current interest rates are historically low and prices for mortgage-backed securities are historically high resulting in very low effective durations. Our best estimate of the duration of the residential mortgage-backed securities portfolio is 1.8 years. The estimated duration extends to 4.0 years assuming an immediate 200 basis point upward shock. The estimated duration contracts to 1.4 years assuming a 50 basis point decline in the current low rate environment.

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Residential mortgage-backed securities also have credit risk from delinquency or default of the underlying loans. We mitigate this risk by primarily investing in securities issued by U.S. government agencies. Principal and interest payments on the underlying loans are fully guaranteed. At September 30, 2010, approximately \$8.3 billion of the amortized costs of the Company's residential mortgage-backed securities were issued by U.S. government agencies. The fair value of these mortgage-backed securities totaled \$8.6 billion at September 30, 2010.

We also hold amortized cost of \$787 million in residential mortgage-backed securities privately issued by publicly-owned financial institutions. The amortized cost of these privately issued residential mortgage-backed securities decreased \$63 million from June 30, 2010 primarily due to cash received and a \$13.3 million other-than-temporary impairment charged against earnings. The fair value of our portfolio of privately issued residential mortgage-backed securities totaled \$708 million at September 30, 2010. Net unrealized losses on our portfolio of privately issued mortgage-backed securities have declined for seven consecutive quarters from \$396 million at December 31, 2008 to \$78 million at September 30, 2010.

Privately issued residential mortgage-backed securities with a total amortized cost of \$554 million were rated below investment grade by at least one of the nationally-recognized rating agencies. The unrealized loss on the below investment grade mortgage-backed securities totaled \$72 million at September 30, 2010. The net unrealized loss on these securities decreased \$36 million in the third quarter of 2010.

Our portfolio of privately issued residential mortgage-backed securities consists primarily of amortized cost of \$576 million of Jumbo-A residential mortgage loans and \$211 million of Alt-A residential mortgage loans. Jumbo-A residential mortgage loans generally meet government 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 residential 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 88% of our Alt-A residential mortgage-backed securities are credit enhanced with additional collateral support and 96% of our Alt-A residential mortgage-backed securities originated in 2007 and 2006 have additional collateral support. Approximately 82% of our Alt-A mortgage-backed securities represents pools of fixed-rate mortgage loans. None of the adjustable rate mortgages are payment option adjustable rate mortgages ("ARMs"). Approximately 27% of our Jumbo-A residential mortgage-backed securities represent pools of fixed rate residential mortgage loans and none of the ARMs are payment option ARMs.

Net unrealized losses on our portfolio of privately issued residential mortgage-backed securities improved for the eighth consecutive quarter to \$78 million at September 30, 2010 compared to a net unrealized loss of \$396 million at December 31, 2008.

On a quarterly basis, we perform separate evaluations on debt and equity securities to determine if the unrealized losses are temporary as more fully described in Note 2 of the consolidated financial statements. Other-than-temporary impairment charges of \$14.3 million were recognized in earnings in the third quarter of 2010 on certain privately issued residential mortgage-backed securities and municipal securities we do not intend to sell.

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.

We also maintain a separate trading portfolio with the intent to sell at a profit for the Company that is also carried at fair value with changes in fair value recognized in current period income.



## Bank-Owned Life Insurance

We have approximately \$254 million of bank-owned life insurance at September 30, 2010. This investment is expected to provide a long-term source of earnings to support existing employee benefit programs. Approximately \$223 million is held in separate accounts. Our separate account holdings are invested in diversified portfolios of investment-grade fixed income securities and cash equivalents, including U.S. Treasury and Agency securities, residential mortgage-backed securities, corporate debt, asset-backed and commercial mortgage-backed securities. The portfolios are managed by unaffiliated professional managers within parameters established in the portfolio's investment guidelines. The cash surrender value of certain life insurance policies is further supported by a stable value wrap, which protects against changes in the fair value of the investments. At September 30, 2010, the cash surrender value represented by the underlying fair value of investments held in separate accounts was approximately \$242 million. As the underlying fair value of the investments held in a separate account at September 30, 2010 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 highly-rated, domestic financial institution. The remaining cash surrender value of \$31 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 \$10.8 billion at September 30, 2010, a \$77 million decrease since June 30, 2010.

Table 18 - Loans  
(In thousands)

|                                   | Sept. 30,<br>2010 | June 30,<br>2010 | March 31,<br>2010 | Dec. 31,<br>2009 | Sept. 30,<br>2009 |
|-----------------------------------|-------------------|------------------|-------------------|------------------|-------------------|
| <b>Commercial:</b>                |                   |                  |                   |                  |                   |
| Energy                            | \$1,761,926       | \$1,844,643      | \$1,892,306       | \$1,911,994      | \$2,093,802       |
| Services                          | 1,594,215         | 1,669,069        | 1,741,924         | 1,807,824        | 1,768,454         |
| Wholesale/retail                  | 1,041,004         | 964,440          | 873,170           | 921,830          | 940,258           |
| Manufacturing                     | 347,478           | 357,671          | 395,964           | 404,061          | 442,729           |
| Healthcare                        | 814,456           | 805,619          | 777,668           | 792,538          | 745,777           |
| Agriculture                       | 169,956           | 147,700          | 155,410           | 160,549          | 156,997           |
| Other commercial and industrial   | 242,973           | 222,386          | 178,297           | 209,044          | 222,039           |
| Total commercial                  | 5,972,008         | 6,011,528        | 6,014,739         | 6,207,840        | 6,370,056         |
| <b>Commercial real estate:</b>    |                   |                  |                   |                  |                   |
| Construction and land development | 502,465           | 545,659          | 605,667           | 645,295          | 735,196           |
| Retail                            | 399,500           | 392,910          | 408,936           | 423,260          | 409,775           |
| Office                            | 490,429           | 466,939          | 463,995           | 463,316          | 488,564           |
| Multifamily                       | 352,200           | 346,460          | 377,673           | 360,436          | 339,847           |
| Industrial                        | 176,594           | 176,535          | 181,117           | 146,707          | 127,845           |
| Other real estate loans           | 401,934           | 412,406          | 406,460           | 452,420          | 459,108           |
| Total commercial real estate      | 2,323,122         | 2,340,909        | 2,443,848         | 2,491,434        | 2,560,335         |
| <b>Residential mortgage:</b>      |                   |                  |                   |                  |                   |
| Permanent mortgage                | 1,356,269         | 1,320,408        | 1,303,589         | 1,303,340        | 1,348,183         |
| Home equity                       | 527,639           | 513,838          | 494,122           | 490,282          | 481,641           |
| Total residential mortgage        | 1,883,908         | 1,834,246        | 1,797,711         | 1,793,622        | 1,829,824         |

## Consumer:

|                     |              |              |              |              |              |
|---------------------|--------------|--------------|--------------|--------------|--------------|
| Indirect automobile | 284,920      | 338,147      | 396,280      | 454,508      | 516,062      |
| Other consumer      | 341,886      | 357,887      | 318,646      | 332,294      | 335,287      |
| Total consumer      | 626,806      | 696,034      | 714,926      | 786,802      | 851,349      |
| Total               | \$10,805,844 | \$10,882,717 | \$10,971,224 | \$11,279,698 | \$11,611,564 |

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 loans 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. A breakdown by geographical market follows in Table 19.

Table 19 – Loans by Principal Market  
(In thousands)

|                           | Sept. 30,<br>2010 | June 30,<br>2010 | March 31,<br>2010 | Dec. 31,<br>2009 | Sept. 30,<br>2009 |
|---------------------------|-------------------|------------------|-------------------|------------------|-------------------|
| <b>Oklahoma:</b>          |                   |                  |                   |                  |                   |
| Commercial                | \$2,662,347       | \$2,704,460      | \$2,616,086       | \$2,649,252      | \$2,738,217       |
| Commercial real estate    | 748,501           | 784,549          | 787,543           | 820,578          | 815,362           |
| Residential mortgage      | 1,293,334         | 1,257,497        | 1,235,788         | 1,228,822        | 1,245,917         |
| Consumer                  | 349,720           | 395,274          | 404,570           | 451,829          | 483,369           |
| <b>Total Oklahoma</b>     | <b>5,053,902</b>  | <b>5,141,780</b> | <b>5,043,987</b>  | <b>5,150,481</b> | <b>5,282,865</b>  |
| <b>Texas:</b>             |                   |                  |                   |                  |                   |
| Commercial                | 1,876,994         | 1,902,934        | 1,935,819         | 2,017,081        | 2,075,379         |
| Commercial real estate    | 715,859           | 731,399          | 769,682           | 735,338          | 734,742           |
| Residential mortgage      | 309,815           | 308,496          | 307,643           | 313,113          | 335,797           |
| Consumer                  | 151,434           | 160,377          | 160,449           | 170,062          | 188,374           |
| <b>Total Texas</b>        | <b>3,054,102</b>  | <b>3,103,206</b> | <b>3,173,593</b>  | <b>3,235,594</b> | <b>3,334,292</b>  |
| <b>New Mexico:</b>        |                   |                  |                   |                  |                   |
| Commercial                | 289,368           | 286,555          | 326,203           | 341,802          | 344,910           |
| Commercial real estate    | 314,957           | 294,425          | 298,197           | 305,061          | 344,988           |
| Residential mortgage      | 87,851            | 87,549           | 85,629            | 86,415           | 88,271            |
| Consumer                  | 20,153            | 20,542           | 16,713            | 17,473           | 18,176            |
| <b>Total New Mexico</b>   | <b>712,329</b>    | <b>689,071</b>   | <b>726,742</b>    | <b>750,751</b>   | <b>796,345</b>    |
| <b>Arkansas:</b>          |                   |                  |                   |                  |                   |
| Commercial                | 91,752            | 89,376           | 86,566            | 103,443          | 99,559            |
| Commercial real estate    | 117,137           | 114,576          | 129,125           | 132,436          | 128,984           |
| Residential mortgage      | 14,937            | 15,823           | 17,071            | 16,849           | 19,128            |
| Consumer                  | 84,869            | 96,189           | 110,123           | 124,265          | 136,461           |
| <b>Total Arkansas</b>     | <b>308,695</b>    | <b>315,964</b>   | <b>342,885</b>    | <b>376,993</b>   | <b>384,132</b>    |
| <b>Colorado:</b>          |                   |                  |                   |                  |                   |
| Commercial                | 457,421           | 484,188          | 495,916           | 545,724          | 569,549           |
| Commercial real estate    | 203,866           | 225,758          | 228,998           | 239,970          | 249,879           |
| Residential mortgage      | 75,152            | 69,325           | 68,049            | 66,504           | 68,667            |
| Consumer                  | 15,402            | 18,548           | 17,991            | 17,362           | 18,272            |
| <b>Total Colorado</b>     | <b>751,841</b>    | <b>797,819</b>   | <b>810,954</b>    | <b>869,560</b>   | <b>906,367</b>    |
| <b>Arizona:</b>           |                   |                  |                   |                  |                   |
| Commercial                | 234,739           | 204,326          | 209,019           | 199,143          | 219,330           |
| Commercial real estate    | 188,943           | 163,374          | 202,192           | 227,249          | 257,169           |
| Residential mortgage      | 85,184            | 78,890           | 68,015            | 65,047           | 57,304            |
| Consumer                  | 3,061             | 2,971            | 3,068             | 3,461            | 4,826             |
| <b>Total Arizona</b>      | <b>511,927</b>    | <b>449,561</b>   | <b>482,294</b>    | <b>494,900</b>   | <b>538,629</b>    |
| <b>Kansas / Missouri:</b> |                   |                  |                   |                  |                   |



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|                           |              |              |              |              |              |
|---------------------------|--------------|--------------|--------------|--------------|--------------|
| Commercial                | 359,387      | 339,689      | 345,130      | 351,395      | 323,112      |
| Commercial real estate    | 33,859       | 26,828       | 28,111       | 30,802       | 29,211       |
| Residential mortgage      | 17,635       | 16,666       | 15,516       | 16,872       | 14,740       |
| Consumer                  | 2,167        | 2,133        | 2,012        | 2,350        | 1,871        |
| Total Kansas / Missouri   | 413,048      | 385,316      | 390,769      | 401,419      | 368,934      |
| <br>                      |              |              |              |              |              |
| Total BOK Financial loans | \$10,805,844 | \$10,882,717 | \$10,971,224 | \$11,279,698 | \$11,611,564 |

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## Commercial

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

The commercial loan portfolio decreased \$40 million during the third quarter of 2010 to \$6.0 billion at September 30, 2010. Energy sector loans decreased \$83 million, service sector loans decreased \$75 million and manufacturing sector loans decreased \$10 million. Decreases in outstanding commercial loans were partially offset by a \$77 million increase in wholesale / retail sector loans, a \$22 million increase in agricultural sector loans and a \$ 21 million increase in other commercial and industrial loans. Commercial loan origination activity has slowed to less than amounts necessary to offset normal repayment trends in the portfolio. In general, loan demand has softened due to lower working capital needs and less capital project spending by our customers. The commercial sector of our loan portfolio is distributed as follows in Table 20.

Table 20 – Commercial Loans by Principal Market  
(In thousands)

|                                    | Oklahoma    | Texas       | New Mexico | Arkansas | Colorado  | Arizona   | Kansas/<br>Missouri | Total       |
|------------------------------------|-------------|-------------|------------|----------|-----------|-----------|---------------------|-------------|
| Energy                             | \$911,455   | \$649,558   | \$115      | \$6,242  | \$194,556 | \$–       | \$–                 | \$1,761,926 |
| Services                           | 481,559     | 507,759     | 193,155    | 18,685   | 170,506   | 113,552   | 108,999             | 1,594,215   |
| Wholesale/retail                   | 458,153     | 388,802     | 34,704     | 59,037   | 19,247    | 60,819    | 20,242              | 1,041,004   |
| Manufacturing                      | 196,875     | 71,031      | 36,355     | 1,407    | 18,815    | 18,945    | 4,050               | 347,478     |
| Healthcare                         | 509,636     | 195,740     | 9,012      | 5,362    | 48,012    | 22,587    | 24,107              | 814,456     |
| Agriculture                        | 6,876       | 9,316       | 44         | 274      | 203       | –         | 153,243             | 169,956     |
| Other commercial<br>and industrial | 97,793      | 54,788      | 15,983     | 745      | 6,082     | 18,836    | 48,746              | 242,973     |
| Total<br>commercial loans          | \$2,662,347 | \$1,876,994 | \$289,368  | \$91,752 | \$457,421 | \$234,739 | \$359,387           | \$5,972,008 |

We have always been an energy lender. Accordingly, 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. Loans collateralized by oil and gas properties are subject to a semi-annual engineering review by our internal staff of petroleum engineers. This review is utilized as the basis for developing the expected cash flows supporting the loan amount. The projected cash flows are discounted according to risk characteristics of the underlying oil and gas properties. Loans are evaluated to demonstrate with reasonable certainty that crude oil, natural gas and natural gas liquids can be recovered from known oil and gas reservoirs under existing economic and operating conditions at current pricing levels and with existing conventional equipment and operating methods and costs. As part of our evaluation of credit quality, we analyze rigorous stress tests over a range of commodity prices and take proactive steps to mitigate risk when appropriate.

Energy loans totaled \$1.8 billion or 16% of total loans. Outstanding energy loans decreased \$83 million during the third quarter of 2010 primarily due to low customer loan demand as a result of low commodity prices which has led to curtailed exploration and production of oil and gas reserves and reduced borrowing capacity based upon collateral values. Approximately \$1.5 billion of energy loans were to oil and gas producers, down \$15 million from June 30, 2010. Approximately 52% of the committed production loans are secured by properties primarily producing oil and 48% of the committed production loans are secured by properties primarily producing natural gas. The energy category also included approximately \$37 million of loans to borrowers that provide services to the energy industry, \$166 million of loans to borrowers engaged in wholesale or retail energy sales and \$39 million of loans to borrowers that manufacture equipment primarily for the energy industry. We did not experience a significant, direct impact on our energy loan portfolio from the moratorium on offshore drilling activities.

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The services sector of the loan portfolio totaled \$1.6 billion or 15% of total loans and consists of a large number of loans to a variety of businesses, including communications, gaming and transportation services. Approximately \$934 million of the services category is made up of loans with individual balances of less than \$10 million. Service sector loans are generally secured by the assets of the borrower with repayment coming from the cash flows of ongoing operations of the customer's business. Loans in this sector may also be secured by personal guarantees of the owners or related parties. Outstanding loans to the service sector of the loan portfolio decreased \$75 million during the third quarter of 2010 due to reduced loan demand as a result of general economic conditions.

We participate in shared national credits when appropriate to obtain or maintain business relationships with local customers. Shared national credits are defined by banking regulators as credits of more than \$20 million and with three or more non-affiliated banks as participants. At September 30, 2010, the outstanding principal balance of these loans totaled \$1.4 billion. Substantially all of these loans are to borrowers with local market relationships. We serve as the agent lender in approximately 18% of our shared national credits, based on dollars committed. We hold shared credits to the same standard of analysis and perform the same level of review as internally originated credits. Our lending policies generally avoid loans in which we do not have the opportunity to maintain or achieve other business relationships with the customer. In addition to management's quarterly assessment of credit risk, grading of shared national credits is provided annually by banking regulators. Risk grading provided by the regulators in the third quarter of 2010 did not differ significantly from management's assessment.

#### Commercial Real Estate

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

Commercial real estate loans totaled \$2.3 billion or 21% of the loan portfolio at September 30, 2010. 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 \$18 million from the previous quarter end. The commercial real estate sector of our loan portfolio is distributed as follows in Table 21.

Table 21 – Commercial Real Estate Loans by Principal Market  
(In thousands)

|                                    | Oklahoma   | Texas      | New Mexico | Arkansas   | Colorado   | Arizona    | Kansas/<br>Missouri | Total        |
|------------------------------------|------------|------------|------------|------------|------------|------------|---------------------|--------------|
| Construction and land development  | \$ 151,733 | \$ 109,962 | \$ 68,550  | \$ 16,498  | \$ 104,648 | \$ 46,344  | \$ 4,730            | \$ 502,465   |
| Retail                             | 145,082    | 116,178    | 58,757     | 17,678     | 7,243      | 43,260     | 11,302              | 399,500      |
| Office                             | 105,353    | 177,601    | 95,131     | 17,884     | 62,845     | 31,369     | 246                 | 490,429      |
| Multifamily                        | 110,767    | 146,641    | 20,034     | 45,193     | 2,783      | 20,202     | 6,580               | 352,200      |
| Industrial                         | 70,028     | 70,809     | 21,152     | 245        | 1,676      | 12,619     | 65                  | 176,594      |
| Other real estate loans            | 165,538    | 94,668     | 51,333     | 19,639     | 24,671     | 35,149     | 10,936              | 401,934      |
| Total commercial real estate loans | \$ 748,501 | \$ 715,859 | \$ 314,957 | \$ 117,137 | \$ 203,866 | \$ 188,943 | \$ 33,859           | \$ 2,323,122 |

Construction and land development loans, which consist primarily of residential construction properties and developed building lots, decreased \$43 million from June 30, 2010 to \$502 million at September 30, 2010 primarily due to payments. In addition, approximately \$7.1 million of construction and land development loans were transferred to other real estate owned in the third quarter of 2010 and \$5.7 million were charged-off. This sector of the loan portfolio is expected to continue to decrease as construction projects currently in process are completed. Loan secured by office buildings, primarily attributed to the New Mexico and Texas markets increased \$23 million during the third quarter.

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## Residential Mortgage and Consumer

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

Residential mortgage loans totaled \$1.9 billion, up \$50 million from June 30, 2010. Permanent 1-4 family mortgage loans were up \$36 million over the prior quarter primarily in the Oklahoma and Texas markets and home equity loans increased \$14 million, primarily in the Oklahoma market. In general, we sell the majority of our conforming fixed-rate loan originations in the secondary market and retain the majority of our non-conforming and adjustable-rate mortgage loans. We have no concentration in sub-prime residential mortgage loans. Our mortgage loan portfolio does not include payment option adjustable rate mortgage loans or adjustable rate mortgage loans with initial rates that are below market.

The permanent mortgage loan portfolio is primarily composed of various non-conforming mortgage programs to support customer relationships including jumbo mortgage loans, non-builder construction loans and special loan programs for high net worth individuals or certain professionals. The aggregate outstanding balance of loans in these programs is \$1.2 billion. Jumbo loans may be fixed or variable rate and are fully amortizing. The size of jumbo loans exceed maximums set under government sponsored entity standards, but otherwise generally conform to those standards. These loans generally require a minimum FICO score of 720 and a maximum debt-to-income ratio ("DTI") of 38%. Loan-to-value ratios ("LTV") are tiered from 60% to 100%, depending on the market. Special mortgage programs include fixed and variable rate fully amortizing loans tailored to the needs of certain healthcare professionals. Variable rate loans are fully indexed at origination and may have fixed rates for three to ten years, then adjust annually thereafter. The maximum loan amount of any of our residential mortgage loans products is \$4 million.

Approximately \$100 million or 7% of permanent mortgage loans consist of first lien, fixed rate residential mortgage loans originated under various community development programs. The outstanding balance of these loans is down from \$103 million at June 30, 2010. These loans were underwritten to standards approved by various U.S. government agencies under these programs and include full documentation. However, these loans do have a higher risk of delinquency and losses given default than traditional residential mortgage loans. The initial maximum LTV of loans in these programs was 103%.

The composition of residential mortgage and consumer loans at September 30, 2010 is as follows in Table 22.

Table 22 – Residential Mortgage and Consumer Loans by Principal Market  
(In thousands)

|                       | Oklahoma    | Texas     | New Mexico | Arkansas | Colorado | Arizona  | Kansas/<br>Missouri | Total       |
|-----------------------|-------------|-----------|------------|----------|----------|----------|---------------------|-------------|
| Residential mortgage: |             |           |            |          |          |          |                     |             |
| Permanent mortgage    | \$970,577   | \$221,629 | \$15,558   | \$10,107 | \$54,777 | \$70,289 | \$13,332            | \$1,356,269 |
| Home equity           | 322,757     | 88,186    | 72,293     | 4,830    | 20,375   | 14,895   | 4,303               | 527,639     |
|                       | \$1,293,334 | \$309,815 | \$87,851   | \$14,937 | \$75,152 | \$85,184 | \$17,635            | \$1,883,908 |

Total residential  
mortgage

Consumer:

|                     |            |            |           |           |           |          |          |            |
|---------------------|------------|------------|-----------|-----------|-----------|----------|----------|------------|
| Indirect automobile | \$ 164,757 | \$ 42,479  | \$-       | \$ 77,684 | \$-       | \$-      | \$-      | \$ 284,920 |
| Other consumer      | 184,963    | 108,955    | 20,153    | 7,185     | 15,402    | 3,061    | 2,167    | 341,886    |
| Total consumer      | \$ 349,720 | \$ 151,434 | \$ 20,153 | \$ 84,869 | \$ 15,402 | \$ 3,061 | \$ 2,167 | \$ 626,806 |

Indirect automobile loans decreased \$53 million from June 30, 2010, 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, and other consumer loans decreased \$16 million.

#### Loan Commitments

We enter into certain off-balance sheet arrangements in the normal course of business. These arrangements included unfunded loan commitments which totaled \$4.9 billion and standby letters of credit which totaled \$525 million at September 30, 2010. 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 \$4.1 million of the outstanding standby letters of credit were issued on behalf of customers whose loans are non-performing at September 30, 2010.

We also have off-balance sheet commitments for residential mortgage loans sold with full or partial recourse as more fully described in Note 14 to the consolidated financial statements. At September 30, 2010, the principal balance of residential mortgage loans sold subject to recourse obligations totaled \$300 million, down from \$311 million at June 30, 2010. Substantially all of these loans are to borrowers in our primary markets including \$211 million to borrowers in Oklahoma, \$32 million to borrowers in Arkansas, \$18 million to borrowers in New Mexico, \$16 million to borrowers in the Kansas/Missouri area and \$13 million to borrowers in Texas.

We also have off-balance sheet commitments for residential mortgage loans sold to government sponsored agencies through our mortgage-banking activities. For the nine months ended September 30, 2010, we have repurchased 9 loans for approximately \$500 thousand from the agencies. Losses incurred on these loans have been minimal. At September 30, 2010, we have unresolved deficiency requests from the agencies on 28 loans with an aggregate outstanding principal balance of \$3.9 million.

#### Customer Derivative Programs

We offer programs that permit our customers to hedge various risks, including fluctuations in energy, cattle and other agricultural product prices, interest rates and foreign exchange rates, or to take positions in derivative contracts. Each of these programs work essentially the same way. Derivative contracts are executed between the customers and the Company. Offsetting contracts are executed between the Company and selected counterparties to minimize the risk to 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 our customers and from the counterparties. Customer credit risk is monitored through existing credit policies and procedures. The effects of changes in commodity prices, interest rates or foreign exchange rates are evaluated across a range of possible options to determine the maximum exposure we are willing to have individually to any customer. Customers may also be required to provide margin collateral to further limit our credit risk.

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



counterparties' credit ratings, these limits may be reduced and additional margin collateral may be required.

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

Derivative contracts are carried at fair value. At September 30, 2010, the net fair values of derivative contracts

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reported as assets under these programs totaled \$277 million, down from \$335 million at June 30, 2010. At September 30, 2010, derivative contracts carried as assets included interest rate contracts with fair values of \$116 million, energy contracts with fair values of \$102 million, and foreign exchange contracts with fair values of \$49 million. The aggregate net fair values of derivative contracts held under these programs reported as liabilities totaled \$274 million.

At September 30, 2010, total derivative assets were reduced by \$20 million of cash collateral received from counterparties and total derivative liabilities were reduced by \$56 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 notional and fair value of derivative assets and liabilities on both a gross and net basis is presented in Note 3 to the Consolidated Financial Statements (Unaudited).

The fair value of derivative contracts reported as assets under these programs, net of cash margin held by the Company, by category of debtor at September 30, 2010 follows in Table 23.

Table 23 – Fair Value of Derivative Contracts  
(In thousands)

|  |            |
|--|------------|
| Customers  | \$ 158,606 |
| Banks and other financial institutions                       | 47,073     |
| Energy companies   | 45,181     |
| Exchanges  | 5,685      |
| Other  | 1,014      |
| Fair value of customer hedge asset derivative contracts, net | \$ 257,559 |

At September 30, 2010, the largest net amount due from a single counterparty, a domestic subsidiary of a major energy company, was \$38 million. This amount was entirely offset by letters of credit issued by multiple independent financial institutions.

Our customer derivative program also introduces liquidity and capital risk. We are required to provide cash margin to certain counterparties when the net negative fair value of the contracts exceeds established limits. Also, changes in commodity prices affect the amount of regulatory capital we are required to hold as support for the fair value of our derivative assets. These risks are modeled as part of the management of these programs. Based on current prices, a decrease in market prices equivalent to \$13 per barrel of oil would increase the fair value of derivative assets by \$248 million. An increase in prices equivalent to \$—140 per barrel of oil would decrease the fair value of derivative assets by \$202 million as current prices move away from the fixed prices embedded in our existing contracts. Further increases in prices equivalent to \$148 per barrel of oil would increase the fair value of our derivative assets by \$234 million. Liquidity requirements of this program are also affected by our credit rating. A decrease in credit rating from A1 to below investment grade would increase our obligation to post cash margin on existing contracts by approximately \$58 million.



## Summary of Loan Loss Experience

We maintain separate reserves for loan losses and reserves for off-balance sheet credit risk. The combined allowance for loan losses and reserve for off-balance sheet credit losses totaled \$314 million or 2.91% of outstanding loans and 117% of nonaccruing loans at September 30, 2010. The allowance for loan losses was \$299 million and the reserve for off-balance sheet credit losses was \$15 million. The combined allowance for loan losses and reserve for off-balance sheet credit losses totaled \$315 million or 2.89% of outstanding loans and 98% of nonaccruing loans at June 30, 2010.

Table 24 – Summary of Loan Loss Experience  
(In thousands)

|   | Three Months Ended |                  |                   |                  |                   |
|---|--------------------|------------------|-------------------|------------------|-------------------|
|   | Sept. 30,<br>2010  | June 30,<br>2010 | March 31,<br>2010 | Dec. 31,<br>2009 | Sept. 30,<br>2009 |
| Reserve for loan losses:  |                    |                  |                   |                  |                   |
| Beginning balance   | \$299,489          | \$299,717        | \$292,095         | \$280,902        | \$263,309         |
| Loans charged off:  |                    |                  |                   |                  |                   |
| Commercial  | 5,435              | 6,030            | 11,373            | 12,773           | 12,026            |
| Commercial real estate  | 8,704              | 19,439           | 22,357            | 12,505           | 17,407            |
| Residential mortgage  | 7,380              | 8,804            | 1,842             | 6,055            | 3,479             |
| Consumer  | 3,820              | 3,895            | 4,756             | 6,641            | 5,669             |
| Total   | 25,339             | 38,168           | 40,328            | 37,974           | 38,581            |
| Recoveries of loans previously charged off:                     |                    |                  |                   |                  |                   |
| Commercial  | 2,309              | 958              | 3,063             | 640              | 858               |
| Commercial real estate  | 1,086              | 94               | 672               | 317              | 20                |
| Residential mortgage  | 316                | 127              | 120               | 335              | 201               |
| Consumer  | 1,493              | 1,435            | 1,995             | 1,658            | 1,515             |
| Total   | 5,204              | 2,614            | 5,850             | 2,950            | 2,594             |
| Net loans charged off   | 20,135             | 35,554           | 34,478            | 35,024           | 35,987            |
| Provision for loan losses                                       | 19,800             | 35,326           | 42,100            | 46,217           | 53,580            |
| Ending balance  | \$299,154          | \$299,489        | \$299,717         | \$292,095        | \$280,902         |
| Reserve for off-balance sheet credit losses:                    |                    |                  |                   |                  |                   |
| Beginning balance   | \$15,102           | \$14,388         | \$14,388          | \$11,985         | \$10,445          |
| Provision for off-balance sheet credit losses                   | 200                | 714              | –                 | 2,403            | 1,540             |
| Ending balance  | \$15,302           | \$15,102         | \$14,388          | \$14,388         | \$11,985          |
| Total provision for credit losses                               | \$20,000           | \$36,040         | \$42,100          | \$48,620         | \$55,120          |
| Reserve for loan losses to loans outstanding at period-end      | 2.77               | % 2.75           | % 2.73            | % 2.59           | % 2.42            |
| Net charge-offs (annualized) to average loans                   | 0.74               | 1.30             | 1.23              | 1.22             | 1.21              |
| Total provision for credit losses (annualized) to average loans | 0.74               | 1.31             | 1.51              | 1.69             | 1.85              |
| Recoveries to gross charge-offs                                 | 20.54              | 6.85             | 14.51             | 7.77             | 6.72              |

|   |      |   |      |   |      |   |      |   |      |   |
|---|------|---|------|---|------|---|------|---|------|---|
| Reserve for loan losses as a multiple of net charge-offs (annualized)               | 3.71 | x | 2.11 | x | 2.17 | x | 2.08 | x | 1.95 | x |
| Reserve for off-balance sheet credit losses to off-balance sheet credit commitments | 0.28 | % | 0.28 | % | 0.26 | % | 0.26 | % | 0.22 | % |
| Combined reserves for credit losses to loans outstanding at period-end              | 2.91 |   | 2.89 |   | 2.86 |   | 2.72 |   | 2.52 |   |

#### Allowance for Loan Losses

The adequacy of the allowance for loan losses is assessed by management based on an ongoing quarterly evaluation of the probable estimated losses inherent in the portfolio. The allowance consists of specific reserves attributed to impaired loans that have not yet been charged down to amounts we expect to recover, general reserves based on migration factors and non-specific reserves based on general economic, risk concentration and related factors. An independent Credit Administration department is responsible for performing this evaluation for the entire company to ensure that the methodology is applied consistently. For the nine months ended September 30, 2010, there have been no material changes in the approach or techniques utilized in developing the allowance for loan losses.

Specific reserves for impaired loans are determined by evaluation of estimated future cash flows, collateral value or historical statistics. Loans are considered to be impaired when it is probable that we will not be able to collect all amounts due according to the contractual terms of the loan agreement. This is substantially the same criteria used to determine when a loan should be placed on nonaccrual status. Generally, all nonaccruing 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 a quarterly evaluation of available cash resources or collateral value. Collateral value of real property is generally based on third party appraisals that conform to Uniform Standards of Professional Appraisal Practice, less estimated selling costs. Appraised values are on an "as is" basis and are not adjusted by us. Collateral value of mineral rights is generally determined by our internal staff of engineers based on projected cash flows from proven oil and gas reserves under existing economic and operating conditions. The value of other collateral is generally determined by our special assets staff based on projected liquidation cash flows under current market conditions. Collateral values and available cash resources that support impaired loans are evaluated quarterly. Updated appraisals are obtained at least annually, or more frequently if market conditions indicate collateral values may have declined. The excess of the outstanding principal balance over the fair value of collateral, less estimated selling costs, and available cash resources of the borrower is charged-off against the allowance for loan losses.

No reserves are attributed to the remaining balance of loans that have been charged-down to amounts management expects to recover. However, the remaining balance continues to be classified as nonaccruing until full recovery of principal and interest, including the charged-off portion of the loan, is probable.

Impaired loans totaled \$243 million at September 30, 2010 and \$293 million at June 30, 2010. At September 30, 2010, \$170 million of impaired loans had specific reserves of \$12 million and \$73 million had no specific reserves because the loan balance had been charged down to amounts we expect to recover. Impaired loans with no specific reserves had gross outstanding principal balances of \$170 million. Cumulative life-to-date charge-offs of impaired loans with no specific reserves at September 30, 2010 totaled \$97 million, including \$9.0 million charged-off in the third quarter of 2010. At June 30, 2010, \$203 million of impaired loans had specific reserves of \$20 million and \$90 million had no specific reserves because they had been charged down to amounts we expect to recover.

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. Risk grades are updated quarterly. 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. Losses incurred in more recent periods are more heavily weighted by a sum-of-periods-digits formula. 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.

Migration models fairly measure loss exposure during an economic cycle. However, because they are based on historic trends, their accuracy is limited near the beginning or ending of a cycle. Because of this limitation, the results of the migration models are evaluated by management quarterly. The resulting general reserve may be adjusted

upward or downward so that the allowance for loan losses fairly represents credit losses inherent in the loan portfolio.

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 \$260

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million at September 30, 2010. Approximately, \$195 million was attributed to commercial and commercial real estate loans, \$52 million was attributed to residential mortgage loans and \$13 million was attributed to consumer loans. The aggregate amount of general reserves determined by migration factors for all unimpaired loans totaled \$260 million at June 30, 2010.

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. Evaluation of nonspecific factors considers the effect of the duration of the business cycle on migration factors. Nonspecific factors also consider current economic conditions and other relevant factors. Nonspecific reserves totaled \$27 million at September 30, 2010 and \$19 million at June 30, 2010.

The provision for loan 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 loan losses totaled \$20.0 million for the third quarter of 2010, \$36.0 million for the second quarter of 2010 and \$55.1 million for the third quarter of 2009. Factors considered in determining the provision for credit losses for the third quarter of 2010 included trends of net charge-offs, nonperforming loans and risk grading.

#### 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 third quarter of 2010 totaled \$20.1 million compared to \$35.6 million in the previous quarter and \$36.0 million in the third quarter of 2009. The ratio of net loans charged off (annualized) to average outstanding loans was 0.74% for the third quarter of 2010 compared with 1.30% for the second quarter of 2010 and 1.21% for the third quarter of 2009. Net loans charged off in the third quarter of 2010 decreased \$15.4 million compared to the previous quarter. Gross loans charged off in the third quarter of 2010 decreased \$12.8 million and recoveries increased by \$2.6 million compared to the prior quarter.

Net loans charged off by category and principal market area during the third quarter of 2010 follow in Table 25.



Table 25 – Net Loans Charged Off  
(In thousands)

|                             | Oklahoma | Texas   | Colorado | Arkansas | New Mexico | Arizona | Kansas/<br>Missouri | Total    |
|-----------------------------|----------|---------|----------|----------|------------|---------|---------------------|----------|
| Commercial                  | \$ 1,450 | \$835   | \$192    | \$(1 )   | \$530      | \$120   | \$–                 | \$3,126  |
| Commercial real estate      | 1,038    | 1,298   | 1,925    | 966      | (95 )      | 2,486   | –                   | 7,618    |
| Residential mortgage        | 4,108    | 244     | –        | 42       | 1,955      | 715     | –                   | 7,064    |
| Consumer                    | 916      | 720     | 213      | 301      | 163        | 14      | –                   | 2,327    |
| Total net loans charged off | \$ 7,512 | \$3,097 | \$2,330  | \$1,308  | \$2,553    | \$3,335 | \$–                 | \$20,135 |

Net commercial loans charged off during the third quarter of 2010 decreased \$1.9 million compared to the prior quarter. Net commercial loans charged off during the third quarter of 2010 included \$1.7 million of charge-offs from the energy sector and \$1.0 million from the other commercial sector in the Oklahoma market.

Net charge-offs of commercial real estate loans decreased \$11.7 million compared to the second quarter of 2010. Net charge-offs of loans secured by multifamily residential properties primarily attributed to the Oklahoma market decreased \$8.4 million compared to the prior quarter to \$360 thousand. Land and residential construction sector charge-offs decreased \$529 thousand compared to the prior quarter to \$5.7 million. Net charge-offs of land and residential construction sector loans were primarily composed of \$1.9 million attributed to the Arizona market, \$1.9 million attributed to the Colorado market and \$1.3 million attributed to the Texas market.

Residential mortgage net charge-offs decreased \$1.6 million compared to the previous quarter primarily related to residential mortgage loans attributed to the Oklahoma market. The timing of residential mortgage loan charge-offs varies based on foreclosure activity and delinquency status. Consumer loan net charge-offs, which includes indirect auto loan and deposit account overdraft losses, decreased \$133 thousand from the previous quarter. Net charge-offs of indirect auto loans increased to \$1.1 million in the third quarter of 2010 up from \$938 thousand for the second quarter of 2010.

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

## Nonperforming Assets

Table 26 – Nonperforming Assets  
(In thousands)

|  | Sept. 30,<br>2010 | June 30,<br>2010 | March 31,<br>2010 | Dec. 31,<br>2009 | Sept. 30,<br>2009 |
|--|-------------------|------------------|-------------------|------------------|-------------------|
| Nonaccrual loans:                          |                   |                  |                   |                  |                   |
| Commercial                                 | \$49,361          | \$82,775         | \$84,491          | \$101,384        | \$128,266         |
| Commercial real estate                     | 177,709           | 193,698          | 219,639           | 204,924          | 212,418           |
| Residential mortgage                       | 38,898            | 40,033           | 36,281            | 29,989           | 38,220            |
| Consumer                                   | 2,784             | 3,188            | 3,164             | 3,058            | 3,897             |
| Total nonaccrual loans                     | 268,752           | 319,694          | 343,575           | 339,355          | 382,801           |
| Renegotiated loans (2)                     | 25,252            | 21,327           | 17,763            | 15,906           | 17,426            |
| Total nonperforming loans                  | 294,004           | 341,021          | 361,338           | 355,261          | 400,227           |
| Other nonperforming assets                 | 126,859           | 119,908          | 121,933           | 129,034          | 89,507            |
| Total nonperforming assets                 | \$420,863         | \$460,929        | \$483,271         | \$484,295        | \$489,734         |
| Nonaccrual loans by principal market:      |                   |                  |                   |                  |                   |
| Oklahoma                                   | \$72,264          | \$93,898         | \$102,231         | \$83,176         | \$112,610         |
| Texas                                      | 36,979            | 49,695           | 58,067            | 66,892           | 65,911            |
| New Mexico                                 | 23,792            | 26,956           | 23,021            | 26,693           | 35,541            |
| Arkansas                                   | 9,990             | 10,933           | 14,652            | 13,820           | 5,911             |
| Colorado (3)                               | 55,631            | 66,040           | 66,883            | 60,082           | 50,432            |
| Arizona                                    | 70,038            | 72,111           | 78,656            | 84,559           | 108,161           |
| Kansas / Missouri                          | 58                | 61               | 65                | 4,133            | 4,235             |
| Total nonaccrual loans                     | \$268,752         | \$319,694        | \$343,575         | \$339,355        | \$382,801         |
| Nonaccrual loans by loan portfolio sector: |                   |                  |                   |                  |                   |
| Commercial:                                |                   |                  |                   |                  |                   |
| Energy                                     | \$8,189           | \$26,259         | \$17,182          | \$22,692         | \$48,992          |
| Manufacturing                              | 2,454             | 3,237            | 4,834             | 15,765           | 17,429            |
| Wholesale / retail                         | 5,584             | 5,561            | 6,629             | 12,057           | 7,623             |
| Agriculture                                | 58                | 58               | 65                | 65               | 98                |
| Services                                   | 23,925            | 31,062           | 35,535            | 30,926           | 30,094            |
| Healthcare                                 | 2,608             | 8,568            | 10,538            | 13,103           | 13,758            |
| Other                                      | 6,543             | 8,030            | 9,708             | 6,776            | 10,272            |
| Total commercial                           | 49,361            | 82,775           | 84,491            | 101,384          | 128,266           |
| Commercial real estate:                    |                   |                  |                   |                  |                   |
| Land development and construction          | 116,252           | 132,686          | 140,508           | 109,779          | 113,868           |
| Retail                                     | 8,041             | 4,967            | 14,843            | 26,236           | 22,254            |
| Office                                     | 24,942            | 24,764           | 26,660            | 25,861           | 31,406            |
| Multifamily                                | 6,924             | 7,253            | 15,725            | 26,540           | 28,223            |
| Industrial                                 | 4,151             | 4,223            | –                 | 279              | 527               |
| Other commercial real estate               | 17,399            | 19,805           | 21,903            | 16,229           | 16,140            |
| Total commercial real estate               | 177,709           | 193,698          | 219,639           | 204,924          | 212,418           |
| Residential mortgage:                      |                   |                  |                   |                  |                   |
| Permanent mortgage                         | 36,654            | 37,978           | 34,134            | 28,314           | 36,431            |
| Home equity                                | 2,244             | 2,055            | 2,147             | 1,675            | 1,789             |
| Total residential mortgage                 | 38,898            | 40,033           | 36,281            | 29,989           | 38,220            |
| Consumer                                   | 2,784             | 3,188            | 3,164             | 3,058            | 3,897             |
| Total nonaccrual loans                     | \$268,752         | \$319,694        | \$343,575         | \$339,355        | \$382,801         |

## Ratios:

|  |         |   |          |   |          |   |          |   |          |   |
|--|---------|---|----------|---|----------|---|----------|---|----------|---|
| Reserve for loan losses to nonperforming loans | 101.75  | % | 87.82    | % | 82.95    | % | 82.22    | % | 70.19    | % |
| Nonperforming loans to period-end loans        | 2.72    |   | 3.13     |   | 3.29     |   | 3.15     |   | 3.45     |   |
| Loans past due (90 days or more) (1)           | \$6,433 |   | \$12,474 |   | \$12,915 |   | \$10,308 |   | \$24,238 |   |

(1) Includes residential mortgages guaranteed by agencies of the U.S. Government.

|  |       |  |         |  |         |  |         |  |         |  |
|--|-------|--|---------|--|---------|--|---------|--|---------|--|
|  | \$854 |  | \$3,210 |  | \$3,183 |  | \$1,400 |  | \$2,589 |  |
|--|-------|--|---------|--|---------|--|---------|--|---------|--|

(2) 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.

|  |        |  |        |  |        |  |        |  |        |  |
|--|--------|--|--------|--|--------|--|--------|--|--------|--|
|  | 21,706 |  | 17,598 |  | 14,083 |  | 12,799 |  | 11,234 |  |
|--|--------|--|--------|--|--------|--|--------|--|--------|--|

(3) Includes loans subject to First United Bank sellers escrow for any losses incurred during a three-year period after the June 2007 which expired in the second quarter of 2010.

|  |   |  |   |  |       |  |       |  |       |  |
|--|---|--|---|--|-------|--|-------|--|-------|--|
|  | – |  | – |  | 4,281 |  | 4,311 |  | 4,173 |  |
|--|---|--|---|--|-------|--|-------|--|-------|--|

Nonperforming assets decreased \$40 million during the third quarter of 2010 to \$421 million or 3.85% of outstanding loans and repossessed assets at September 30, 2010. Nonaccruing loans totaled \$269 million, renegotiated residential mortgage loans totaled \$25 million (including \$22 million of residential mortgage loans guaranteed by U.S. government agencies) and real estate and other repossessed assets totaled \$127 million. The Company generally retains nonperforming assets to maximize potential recovery.

Renegotiated loans represent troubled debt restructurings of residential mortgage loans. Generally, we modify residential mortgage loans by reducing interest rates and extending the number of payments. We do not forgive principal or unpaid interest. At September 30, 2010, approximately \$14 million of the renegotiated residential mortgage loans are currently performing in accordance with the modified terms, \$5.3 million are 30 to 89 days past due and \$5.9 million are past due 90 days or more. Restructured residential mortgage loans guaranteed by agencies of the U.S. government in accordance with agency guidelines represent \$22 million of our \$25 million portfolio of renegotiated loans. Interest continues to accrue on these guaranteed loans based on the modified terms of the loan. Renegotiated loans may be transferred to loans held-for-sale after a period of satisfactory performance, generally at least nine months. If it becomes probable that we will not be able to collect all amounts due according to the modified loan terms, the loan is placed on nonaccrual status and included in nonaccrual loans.

Commercial and commercial real estate loans are considered distressed when it becomes probable that we will not collect the full contractual principal and interest. All distressed commercial and commercial real estate loans are placed on nonaccrual status. We may modify loans to distressed borrowers generally consisting of extension of payment terms, not to exceed the final contractual maturity date of the original loan. We do not forgive principal or accrued but unpaid interest nor do we grant interest rate concessions. We do not modify consumer loans to troubled borrowers.

A rollforward of nonperforming assets for the third quarter of 2010 follows in Table 27.

Table 27 – Rollforward of Nonperforming Assets  
(In thousands)

|  | For the Three Months Ended September 30, 2010 |                       |   |                                  |
|--|---|-----------------------|---|----------------------------------|
|  | Nonaccruing<br>Loans                          | Renegotiated<br>Loans | Real Estate<br>and Other<br>Repossessed<br>Assets | Total<br>Nonperforming<br>Assets |
| Balance, June 30, 2010                   | \$ 319,694                                    | \$ 21,327             | \$ 119,908  | \$ 460,929                       |
| Additions                                | 30,036  | –                     | –   | 30,036                           |
| Transfers from premises<br>and equipment | –   | –                     | 8,984   | 8,984                            |
| Payments                                 | (23,563 )                                     | –                     | –   | (23,563 )                        |
| Charge-offs / Write-offs                 | (25,340 )                                     | –                     | (5,411 )  | (30,751 )                        |
| Foreclosures                             | (16,441 )                                     | –                     | 16,441  | –                                |
| Sales                                    | –   | –                     | (13,063 )   | (13,063 )                        |
| Return to accrual                        | (13,713 )                                     | –                     | –   | (13,713 )                        |
| Other, net                               | (1,921 )                                      | 3,925                 | –   | 2,004                            |
| Balance, September 30,<br>2010           | \$ 268,752                                    | \$ 25,252             | \$ 126,859  | \$ 420,863                       |

For the Nine Months Ended September 30, 2010

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|  | Nonaccruing<br>Loans | Renegotiated<br>Loans | Real<br>Estate and<br>Other<br>Repossessed<br>Assets | Total<br>Nonperforming<br>Assets |
|--|----------------------|-----------------------|--|----------------------------------|
| Balance, December 31,<br>2009            | \$ 339,355           | \$ 15,906             | \$ 129,034   | \$ 484,295                       |
| Additions                                | 168,924              | –                     | –  | 168,924                          |
| Transfers from premises<br>and equipment | –                    | –                     | 8,984  | 8,984                            |
| Payments                                 | (74,186 )            | –                     | –  | (74,186 )                        |
| Charge-offs / Write-offs                 | (103,836)            | –                     | (23,441 )  | (127,277 )                       |
| Foreclosures                             | (41,210 )            | –                     | 41,210   | –                                |
| Sales                                    | –                    | –                     | (28,928 )  | (28,928 )                        |
| Return to accrual                        | (22,596 )            | –                     | –  | (22,596 )                        |
| Other, net                               | 2,301                | 9,346                 | –  | 11,647                           |
| Balance, September 30,<br>2010           | \$ 268,752           | \$ 25,252             | \$ 126,859   | \$ 420,863                       |

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Nonaccruing loans may be returned to accrual status when full collection of contractual principal and interest, including principal previously charged-off, is probable based on improvements in the borrower's financial condition and a sustained period of performance.

The distribution of nonaccruing loans among our various markets follows in Table 28.

Table 28 – Nonaccruing Loans by Principal Market  
(Dollars In thousands)

|                   | September 30, 2010 |                              | June 30, 2010 |                              | Change     |                              |
|-------------------|--------------------|------------------------------|---------------|------------------------------|------------|------------------------------|
|                   | Amount             | % of<br>outstanding<br>loans | Amount        | % of<br>outstanding<br>loans | Amount     | % of<br>outstanding<br>loans |
| Oklahoma          | \$72,264           | 1.43                         | \$93,898      | 1.83                         | \$(21,634) | (40)                         |
| Texas             | 36,979             | 1.21                         | 49,695        | 1.60                         | (12,716)   | (39)                         |
| New Mexico        | 23,792             | 3.34                         | 26,956        | 3.91                         | (3,164)    | (57)                         |
| Arkansas          | 9,990              | 3.24                         | 10,933        | 3.46                         | (943)      | (22)                         |
| Colorado          | 55,631             | 7.40                         | 66,040        | 8.28                         | (10,409)   | (88)                         |
| Arizona           | 70,038             | 13.68                        | 72,111        | 16.04                        | (2,073)    | (236)                        |
| Kansas / Missouri | 58                 | 0.01                         | 61            | 0.02                         | (3)        | (1)                          |
| Total             | \$268,752          | 2.49                         | \$319,694     | 2.94                         | \$(50,942) | (45)                         |

Nonaccruing loans attributed to the Arizona, Colorado and Texas markets consisted primarily of commercial real estate loans. Nonaccruing loans attributed to the Oklahoma market are primarily composed of \$26 million of residential mortgage loans, \$24 million of commercial real estate loans and \$21 million of commercial loans.

Nonaccruing loans decreased \$51 million from June 30, 2010 primarily due to a \$22 million decrease in nonaccruing loans attributed to the Oklahoma market, a \$13 million decrease in nonaccruing loans attributed to the Texas market and a \$10 million decrease in nonaccruing loans attributed to the Colorado market. Nonaccruing loans attributed to New Mexico, Arizona and Arkansas all decreased in third quarter of 2010. During the third quarter of 2010, \$30 million of new nonaccruing loans were identified, offset by \$24 million in payments received, \$25 million in charge-offs and \$16 million in foreclosures and repossessions. In addition, \$14 million of nonaccruing loans were returned to accrual status during the third quarter of 2010 based on our expectation of full repayment. This was primarily due to one energy customer for which additional equity capital was placed into the entity and additional collateral for the loan was provided. All past due amounts were paid current. Based on the developments related to this customer relationship during the quarter, we now expect full repayment of all contractual amounts due and accordingly returned this customer to accruing status during the third quarter. The ratio of nonaccruing loans to period end loans was also negatively impacted by a \$77 million decrease in period end loans balances from June 30, 2010.

## Commercial

Nonaccruing commercial loans totaled \$49 million or 0.83% of total commercial loans at September 30, 2010 and \$83 million or 1.38% of total commercial loans at June 30, 2010. At September 30, 2010, nonaccruing commercial loans were primarily composed of \$24 million or 1.50% of total services sector loans, \$8 million or 0.46% of total energy sector loans, \$2.6 million or 0.32% of total healthcare sector loans. Nonaccruing commercial loans decreased \$33 million primarily due to an \$18 million decrease in energy sector loans, a \$7 million decrease in nonaccruing service sector loans and a \$6 million decrease in nonaccruing healthcare sector loans.

Newly identified nonaccruing commercial loans in the third quarter of 2010 totaled approximately \$3 million, primarily offset by \$13 million of nonaccruing commercial loans returning to accrual status, \$11 million in payments, \$7 million in foreclosures and \$5 million in charge-offs. Nonaccruing commercial loans attributed to our various markets as of September 30, 2010 follows in Table 29.

Table 29 – Nonaccruing Commercial Loans by Principal Market  
(Dollars in thousands)

|                   | September 30, 2010 |                              | June 30, 2010 |                              | Change      |                              |
|-------------------|--------------------|------------------------------|---------------|------------------------------|-------------|------------------------------|
|                   | Amount             | % of<br>outstanding<br>loans | Amount        | % of<br>outstanding<br>loans | Amount      | % of<br>outstanding<br>loans |
| Oklahoma          | \$20,681           | 0.78 %                       | \$41,758      | 1.54 %                       | \$(21,077 ) | (76 ) bp                     |
| Texas             | 5,728              | 0.31                         | 11,398        | 0.60                         | (5,670 )    | (29 )                        |
| New Mexico        | 6,787              | 2.35                         | 8,398         | 2.93                         | (1,611 )    | (58 )                        |
| Arkansas          | 97                 | 0.11                         | 103           | 0.12                         | (6 )        | (1 )                         |
| Colorado          | 7,234              | 1.58                         | 8,314         | 1.72                         | (1,080 )    | (14 )                        |
| Arizona           | 8,776              | 3.74                         | 12,743        | 6.24                         | (3,967 )    | (250 )                       |
| Kansas / Missouri | 58                 | 0.02                         | 61            | 0.02                         | (3 )        | –                            |
| Total commercial  | \$49,361           | 0.83 %                       | \$82,775      | 1.38 %                       | \$(33,414 ) | (55 ) bp                     |

## Commercial Real Estate

Nonaccruing commercial real estate loans totaled \$178 million or 7.65% of outstanding commercial real estate loans at September 30, 2010 compared to \$194 million or 8.27% of outstanding commercial real estate loans at June 30, 2010. Nonaccruing commercial real estate loans continue to be largely concentrated in land development and residential construction loans. Nonaccruing commercial real estate loans decreased \$16 million from June 30, 2010. Newly identified nonaccruing commercial real estate loans totaled \$14 million, offset by \$12 million of cash payments received, \$9 million of charge-offs and \$8 million of foreclosures. Nonaccruing commercial real estate loans attributed to our geographic market follows in Table 30.

Table 30 – Nonaccruing Commercial Real Estate Loans by Principal Market  
(Dollars in thousands)

|          | September 30, 2010 |                              | June 30, 2010 |                              | Change   |                              |
|----------|--------------------|------------------------------|---------------|------------------------------|----------|------------------------------|
|          | Amount             | % of<br>outstanding<br>loans | Amount        | % of<br>outstanding<br>loans | Amount   | % of<br>outstanding<br>loans |
| Oklahoma | \$24,493           | 3.27 %                       | \$23,797      | 3.03 %                       | \$696    | 24 bp                        |
| Texas    | 25,201             | 3.52                         | 31,150        | 4.26                         | (5,949 ) | (74 )                        |

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|                              |           |       |             |       |               |          |
|------------------------------|-----------|-------|-------------|-------|---------------|----------|
| New Mexico                   | 15,105    | 4.80  | 16,410      | 5.57  | (1,305 )      | (77 )    |
| Arkansas                     | 8,554     | 7.30  | 9,532       | 8.32  | (978 )        | (102 )   |
| Colorado                     | 46,849    | 22.98 | 56,880      | 25.20 | (10,031 )     | (222 )   |
| Arizona                      | 57,507    | 30.44 | 55,929      | 34.23 | 1,578         | (379 )   |
| Kansas / Missouri            | –         | –     | –           | –     | –             | –        |
| Total commercial real estate | \$177,709 | 7.65  | % \$193,698 | 8.27  | % \$(15,989 ) | (62 ) bp |

Nonaccruing commercial real estate loans are primarily concentrated in the Arizona and Colorado markets.



Approximately \$47 million or 23% of commercial real estate loans in the Colorado market are nonaccruing, primarily consisting of nonaccruing residential construction and land development loans. Nonaccruing commercial real estate loans in the Colorado market decreased \$10 million compared to June 30, 2010. Approximately \$58 million or 30% of commercial real estate loans in Arizona are nonaccruing and consist primarily of \$26 million of nonaccruing residential construction and land development loans, \$12 million of nonaccruing loans secured by other commercial and industrial facilities and \$10 million of nonaccruing loans secured by office buildings.

The decrease in nonaccruing commercial real estate loans was due primarily to a \$16 million decrease in nonaccruing residential construction and land development loans primarily in the Colorado and Texas markets.

#### Residential Mortgage and Consumer

Nonaccruing residential mortgage loans totaled \$39 million or 2.06% of outstanding residential mortgage loans at September 30, 2010 compared to \$40 million or 2.18% of outstanding residential mortgage loans at June 30, 2010. Nonaccruing residential mortgage loans primarily consist of permanent residential mortgage loans which totaled \$37 million or 2.70% of outstanding residential mortgage loans at September 30, 2010, a \$1.3 million decrease compared to June 30, 2010. Nonaccruing home equity loans continued to perform well with only \$2.2 million or 0.43% of total home equity loans in nonaccrual status.

The distribution of nonaccruing residential mortgage loans attributed to our various markets is included in Table 31.

Table 31 – Nonaccruing Residential Mortgage Loans by Principal Market  
(Dollars in thousands)

|                                     | September 30, 2010 |                              | June 30, 2010 |                              | Change    |                              |
|-------------------------------------|--------------------|------------------------------|---------------|------------------------------|-----------|------------------------------|
|                                     | Amount             | % of<br>outstanding<br>loans | Amount        | % of<br>outstanding<br>loans | Amount    | % of<br>outstanding<br>loans |
| Oklahoma                            | \$26,118           | 2.02                         | \$27,447      | 2.18                         | \$(1,329) | (16) bp                      |
| Texas                               | 5,558              | 1.79                         | 6,489         | 2.10                         | (931)     | (31)                         |
| New Mexico                          | 1,878              | 2.14                         | 2,049         | 2.34                         | (171)     | (20)                         |
| Arkansas                            | 179                | 1.20                         | 81            | 0.51                         | 98        | 69                           |
| Colorado                            | 1,536              | 2.04                         | 655           | 0.94                         | 881       | 110                          |
| Arizona                             | 3,629              | 4.26                         | 3,312         | 4.20                         | 317       | 6                            |
| Kansas / Missouri                   | –                  | –                            | –             | –                            | –         | –                            |
| Total residential mortgage<br>loans | \$38,898           | 2.06                         | \$40,033      | 2.18                         | \$(1,135) | (12) bp                      |

In addition to nonaccruing residential mortgage and consumer loans and renegotiated residential mortgage 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 32. Residential mortgage loans 30 to 89 days past due increased \$2.1 million and residential mortgage loans past due 90 days or more decreased \$2.4 million during third quarter of 2010. Consumer loans past due 30 to 89 days decreased \$3.3 million from June 30, 2010 due to a \$2.6 million decrease in indirect automobile loans and a \$692 thousand decrease in other consumer loans. Consumer loans past due 90 days or more increased \$47 thousand in the third quarter of 2010. Other consumer loans past due 90 days or more increased, partially offset by a decrease in indirect automobile loans past due 90 days or more.



Table 32 – Residential Mortgage and Consumer Loans Past Due  
(In thousands)

|                                   | September 30, 2010 |                  | June 30, 2010      |                  |
|-----------------------------------|--------------------|------------------|--------------------|------------------|
|                                   | 90 Days<br>or More | 30 to 89<br>Days | 90 Days<br>or More | 30 to 89<br>Days |
| <b>Residential mortgage:</b>      |                    |                  |                    |                  |
| Permanent mortgage                | \$ 1,023           | \$ 25,329        | \$ 3,400           | \$ 23,508        |
| Home equity                       | 15                 | 1,173            | –                  | 919              |
| <b>Total residential mortgage</b> | <b>\$ 1,038</b>    | <b>\$ 26,502</b> | <b>\$ 3,400</b>    | <b>\$ 24,427</b> |
| <b>Consumer:</b>                  |                    |                  |                    |                  |
| Indirect automobile               | \$ 206             | \$ 11,433        | \$ 306             | \$ 14,059        |
| Other consumer                    | 265                | 1,242            | 118                | 1,934            |
| <b>Total consumer</b>             | <b>\$ 471</b>      | <b>\$ 12,675</b> | <b>\$ 424</b>      | <b>\$ 15,993</b> |

#### Real Estate and Other Repossessed Assets

Real estate and other repossessed assets are assets acquired in partial or total forgiveness of loans. The assets are carried at the lower of cost, which is determined by fair value at date of foreclosure, or current fair value less estimated selling costs. The fair value of real property is generally based on third party appraisals that conform to Uniform Standards of Professional Appraisal Practice. Appraisals are ordered at foreclosure and are updated on no less than an annual basis. For certain property types, such as residential building lots, or in certain distressed markets, we may request updated appraisals more frequently. Appraised values are on an “as is” basis and are not adjusted. For uncompleted properties, we may also obtain appraised value for properties on an “as completed” basis to use in determination of whether to develop properties to completion and costs may be capitalized not to exceed the estimated “as completed” fair value as determined by the independent real estate appraisal. Mineral rights are generally determined by our internal staff of engineers based on projected cash flows from proven oil and gas reserves under existing economic and operating conditions. The value of other assets is generally determined by our special assets staff based on projected liquidation cash flows under current market conditions.

The carrying value of real estate and other repossessed assets is evaluated by management on a quarterly basis, including our consideration of marketing activity of our properties and sales of competing properties.

Real estate and other repossessed assets totaled \$127 million at September 30, 2010, a \$7.0 million increase over June 30, 2010 including a \$5.6 million increase in undeveloped land attributed to the Texas market partially offset by \$4.0 million decrease of 1-4 family residential properties and residential land development properties attributed to the Arizona market. The distribution of real estate and other repossessed assets attributed by geographical market is included in Table 33 following.

Additions to other real estate owned during the third quarter of 2010 included \$9 million of developed commercial real estate and undeveloped land previously held for branch expansion in the Texas and Colorado markets. These properties were written down by \$3.6 million during the third quarter.

Table 33 – Real Estate and Other Repossessed Assets by Principal Market  
(In thousands)

|   | Oklahoma  | Texas     | Colorado  | Arkansas | New Mexico | Arizona   | Kansas/<br>Missouri | Total      |
|---|-----------|-----------|-----------|----------|------------|-----------|---------------------|------------|
| 1-4 family residential properties and residential land development properties | \$ 5,619  | \$ 20,938 | \$ 3,079  | \$ 5,357 | \$ 1,340   | \$ 16,435 | \$ 668              | \$ 53,436  |
| Developed commercial real estate properties                                   | 5,174     | 3,355     | 4,558     | 1,749    | 5,924      | 18,359    | –                   | 39,119     |
| Equity interest in partial satisfaction of debts                              | 13,100    | –         | –         | –        | –          | –         | –                   | 13,100     |
| Undeveloped land  | 425       | 5,961     | 3,221     | 72       | 282        | 4,602     | –                   | 14,563     |
| Construction equipment  | –         | –         | –         | –        | –          | –         | 2,586               | 2,586      |
| Vehicles  | 542       | 229       | –         | 388      | –          | –         | –                   | 1,159      |
| Other   | –         | 2,708     | 188       | –        | –          | –         | –                   | 2,896      |
| Total real estate and other repossessed assets                                | \$ 24,860 | \$ 33,191 | \$ 11,046 | \$ 7,566 | \$ 7,546   | \$ 39,396 | \$ 3,254            | \$ 126,859 |

Undeveloped land is primarily zoned for commercial development. Developed commercial real estate properties are primarily completed with no additional construction necessary for sale. A secondary market is developing for shares of the entity in which we hold an equity interest. Prices indicated in that market exceed our carrying value per share.

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 nonperforming assets. Known information does, however, cause management concern as to the borrowers' ability to comply with current repayment terms. These potential problem loans totaled \$143 million at September 30, 2010 and \$194 million at June 30, 2010. Potential problem loans by primary industry included real estate - \$79 million, services - \$19 million, and manufacturing - \$13 million. Potential problem real estate loans included \$20 million of residential development loans on properties primarily located in Texas and \$15 million of loans secured by office properties primarily located in New Mexico.

## Liquidity and Capital

### Subsidiary Banks

Deposits and borrowed funds are the primary sources of liquidity for the subsidiary banks. Based on the average balances for the third quarter of 2010, approximately 68% of our funding was provided by deposit accounts, 15% from borrowed funds, 2% from long-term subordinated debt and 10% from equity. Our funding sources, which primarily include deposits and borrowings from the Federal Home Loan Banks and other banks, provide adequate liquidity to meet our operating needs.

Deposit accounts represent our largest funding source. We compete for retail and commercial deposits by offering a broad range of products and services and focusing on customer convenience. Retail deposit growth is supported through our Perfect Banking 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 \$16.5 billion at September 30, 2010 and represented 68% of total average liabilities and capital for the third quarter of 2010 compared with \$15.8 billion at June 30, 2010 and 68% of total average liabilities and capital for the second quarter of 2010. Average deposits increased \$661 million over the second quarter of 2010 in all categories. Average interest-bearing transaction deposit accounts grew \$412 million over the second quarter of 2010. Growth in our average interest-bearing transaction deposit accounts included \$214 million of wealth

management deposits, \$156 million of commercial deposits and \$42 million of consumer banking deposits. Average demand deposits increased \$171 million over the second quarter of 2010, including \$110 million of commercial deposits, \$49 million of consumer banking deposits and \$11 million of wealth management deposits. Average time deposits also increased \$73 million during the third quarter of 2010. Brokered deposits, which are included in time deposits, averaged \$227 million for the third quarter of 2010, up \$57 million over the second quarter of 2010.

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Table 34 – Period-end Deposits by Principal Market Area  
(In thousands)

|                          | Sept. 30,<br>2010 | June 30,<br>2010 | March 31,<br>2010 | Dec. 31,<br>2009 | Sept. 30,<br>2009 |
|--------------------------|-------------------|------------------|-------------------|------------------|-------------------|
| <b>Oklahoma:</b>         |                   |                  |                   |                  |                   |
| Demand                   | \$2,238,303       | \$2,101,994      | \$2,062,084       | \$2,068,908      | \$1,895,980       |
| <b>Interest-bearing:</b> |                   |                  |                   |                  |                   |
| Transaction              | 5,609,811         | 5,562,287        | 5,237,983         | 5,134,902        | 4,566,058         |
| Savings                  | 103,524           | 102,590          | 101,708           | 93,006           | 93,443            |
| Time                     | 1,497,344         | 1,442,525        | 1,360,756         | 1,397,240        | 1,765,980         |
| Total interest-bearing   | 7,210,679         | 7,107,402        | 6,700,447         | 6,625,148        | 6,425,481         |
| Total Oklahoma           | 9,448,982         | 9,209,396        | 8,762,531         | 8,694,056        | 8,321,461         |
| <b>Texas:</b>            |                   |                  |                   |                  |                   |
| Demand                   | 1,238,103         | 1,150,495        | 1,068,656         | 1,108,401        | 1,138,794         |
| <b>Interest-bearing:</b> |                   |                  |                   |                  |                   |
| Transaction              | 1,786,979         | 1,674,519        | 1,675,759         | 1,748,319        | 1,716,460         |
| Savings                  | 35,614            | 36,814           | 37,175            | 35,129           | 35,724            |
| Time                     | 1,031,877         | 1,003,936        | 1,043,813         | 1,100,602        | 1,007,579         |
| Total interest-bearing   | 2,854,470         | 2,715,269        | 2,756,747         | 2,884,050        | 2,759,763         |
| Total Texas              | 4,092,573         | 3,865,764        | 3,825,403         | 3,992,451        | 3,898,557         |
| <b>New Mexico:</b>       |                   |                  |                   |                  |                   |
| Demand                   | 262,567           | 223,869          | 222,685           | 209,090          | 216,330           |
| <b>Interest-bearing:</b> |                   |                  |                   |                  |                   |
| Transaction              | 535,012           | 491,708          | 480,189           | 444,247          | 424,528           |
| Savings                  | 27,906            | 30,231           | 20,036            | 17,563           | 18,039            |
| Time                     | 469,493           | 476,155          | 495,243           | 510,202          | 511,507           |
| Total interest-bearing   | 1,032,411         | 998,094          | 995,468           | 972,012          | 954,074           |
| Total New Mexico         | 1,294,978         | 1,221,963        | 1,218,153         | 1,181,102        | 1,170,404         |
| <b>Arkansas:</b>         |                   |                  |                   |                  |                   |
| Demand                   | 17,604            | 14,919           | 17,599            | 21,526           | 19,077            |
| <b>Interest-bearing:</b> |                   |                  |                   |                  |                   |
| Transaction              | 137,797           | 108,104          | 61,398            | 50,879           | 85,061            |
| Savings                  | 1,522             | 1,288            | 1,266             | 1,346            | 1,131             |
| Time                     | 116,536           | 119,472          | 105,794           | 101,839          | 137,109           |
| Total interest-bearing   | 255,855           | 228,864          | 168,458           | 154,064          | 223,301           |
| Total Arkansas           | 273,459           | 243,783          | 186,057           | 175,590          | 242,378           |
| <b>Colorado:</b>         |                   |                  |                   |                  |                   |
| Demand                   | 156,685           | 143,783          | 136,048           | 146,929          | 121,555           |
| <b>Interest-bearing:</b> |                   |                  |                   |                  |                   |
| Transaction              | 501,405           | 441,085          | 456,508           | 448,846          | 477,418           |
| Savings                  | 19,681            | 18,869           | 18,118            | 17,802           | 18,518            |
| Time                     | 495,899           | 497,538          | 509,410           | 525,844          | 520,906           |
| Total interest-bearing   | 1,016,985         | 957,492          | 984,036           | 992,492          | 1,016,842         |
| Total Colorado           | 1,173,670         | 1,101,275        | 1,120,084         | 1,139,421        | 1,138,397         |

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|                              |               |               |               |               |               |
|------------------------------|---------------|---------------|---------------|---------------|---------------|
| Arizona:                     |               |               |               |               |               |
| Demand                       | 97,384        | 71,711        | 61,183        | 68,651        | 54,046        |
| Interest-bearing:            |               |               |               |               |               |
| Transaction                  | 94,108        | 94,033        | 81,851        | 81,909        | 95,242        |
| Savings                      | 812           | 1,062         | 1,105         | 958           | 971           |
| Time                         | 59,678        | 63,643        | 64,592        | 60,768        | 56,809        |
| Total interest-bearing       | 154,598       | 158,738       | 147,548       | 143,635       | 153,022       |
| Total Arizona                | 251,982       | 230,449       | 208,731       | 212,286       | 207,068       |
| Kansas / Missouri:           |               |               |               |               |               |
| Demand                       | 35,869        | 28,518        | 31,726        | 30,339        | 16,406        |
| Interest-bearing:            |               |               |               |               |               |
| Transaction                  | 180,273       | 116,423       | 100,037       | 21,337        | 15,682        |
| Savings                      | 132           | 110           | 146           | 148           | 70            |
| Time                         | 70,673        | 69,819        | 74,648        | 71,498        | 84,923        |
| Total interest-bearing       | 251,078       | 186,352       | 174,831       | 92,983        | 100,675       |
| Total Kansas / Missouri      | 286,947       | 214,870       | 206,557       | 123,322       | 117,081       |
| Total BOK Financial deposits | \$ 16,822,591 | \$ 16,087,500 | \$ 15,527,516 | \$ 15,518,228 | \$ 15,095,346 |



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 \$203 million at September 30, 2010. Securities repurchase agreements generally mature within 90 days and are secured by certain available for sale securities. Federal Home Loan Bank borrowings are generally short term and are secured by a blanket pledge of eligible collateral (generally unencumbered U.S. Treasury and mortgage-backed securities, 1-4 family mortgage loans and multifamily mortgage loans). During the third quarter of 2010, the outstanding balance of federal funds purchased averaged \$1.1 billion, securities repurchase agreements averaged \$1.1 billion and Federal Home Loan Bank borrowings averaged \$1.4 billion.

Information relating to the other borrowings of the subsidiary banks for the three months ended September 30, 2010 is summarized in Table 35:

Table 35 – Other borrowings of subsidiary banks  
(Dollars in thousands)

|  | Average<br>Balance | Rate   | Maximum<br>Outstanding<br>At Any<br>Month<br>End During<br>the Quarter |
|--|--------------------|--------|--|
| Parent Company:                              |                    |        |  |
| Trust preferred debt                         | \$ 7,217           | 5.06 % | \$ 7,217   |
| Subsidiary Banks:                            |                    |        |  |
| Funds purchased and<br>repurchase agreements | \$ 2,227,088       | 0.36 % | \$ 2,191,706   |
| Federal Home Loan<br>Bank advances           | 1,435,829          | 0.21 % | 1,628,271  |
| Subordinated<br>debentures                   | 398,638            | 5.78 % | 398,658  |
| Other  | 22,470             | 0.23 % | 31,500   |
| Total subsidiary banks                       | 4,084,025          | 0.90 % |  |
| Total other borrowings                       | \$ 4,091,242       | 0.93 % |  |

At September 30, 2010, the estimated unused credit available to the subsidiary banks from collateralized sources within our internal policy limits was approximately \$5.9 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 retained profits for the two preceding years. Dividends are further restricted by minimum capital requirements. Based on the most restrictive limitations as well as management's internal capital policy, at September 30, 2010, the subsidiary banks could declare up to \$254 million of dividends without regulatory approval. Future losses or increases in required regulatory capital at the subsidiary banks could affect their ability to pay dividends to the parent company.

On October 6, 2010, the Office of the Comptroller of the Currency approved the affiliated merger of 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., and Bank of Kansas City, N.A., into Bank of Oklahoma, N.A. with the resulting title of BOKF, N.A. The Company plans to effect the merger on January 1, 2011. The Company will continue to operate as distinct geographic regions using the trade names of the former charters. The merger will allow us to more efficiently utilize capital at our subsidiary banks.

The Company has an unsecured revolving credit agreement with George B. Kaiser, its Chairman and principal shareholder. The terms of the amended credit agreement reduced the committed amount from \$188 million to \$100 million, changed the interest rate and facility fee to reflect current market terms and extended the maturity date from December 2, 2010 to December 2, 2012. Interest on outstanding balances due to Mr. Kaiser is based on one-month LIBOR plus 250 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 50 basis points. Previously, interest was due quarterly based on one-month LIBOR plus 125 basis points and the facility fee was paid quarterly on the unused portion of the commitment at 25 basis points. As with the original agreement, the amended agreement has no restrictive covenants. No amounts were outstanding under this credit agreement as of September 30, 2010.

Our equity capital at September 30, 2010 was \$2.5 billion, up from \$2.4 billion at June 30, 2010. Net income less cash dividend paid increased equity \$47 million during the third quarter of 2010. An increase in the fair value of available-for-sale securities was primarily responsible for a \$150 million increase in accumulated other comprehensive income during the third quarter of 2010. 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.

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

On April 26, 2005, the Board of Directors authorized a share repurchase program, which replaced a previously authorized program. The maximum of two million common shares may be repurchased. The specific timing and amount of shares repurchased will vary based on market conditions, securities law limitations and other factors. Repurchases may be made over time in open market or privately negotiated transactions. The repurchase program may be suspended or discontinued at any time without prior notice. Since this program began, 784,073 shares have been repurchased by the Company for \$38.7 million. No shares were repurchased in the third quarter of 2010.

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

For a banking institution to qualify as well capitalized, its Tier 1, Total and Leverage capital ratios must be at least 6%, 10% and 5%, respectively. All of the Company's banking subsidiaries exceeded the regulatory definitions of well capitalized. The capital ratios for BOK Financial on a consolidated basis are presented in Table 36.

| Table 36 – Capital Ratios              | Well Capitalized Minimums |   | Sept. 30, 2010 | June 30, 2010 | March 31, 2010 | Dec. 31, 2009 | Sept. 30, 2009 |
|--|---------------------------|---|----------------|---------------|----------------|---------------|----------------|
|  |                           |   |                |               |                |               |                |
| Average total equity to average assets | –                         |   | 10.26 %        | 10.15 %       | 9.69 %         | 9.48 %        | 9.26 %         |
| Tangible common equity ratio           | –                         |   | 8.96           | 8.88          | 8.46           | 7.99          | 7.78           |
| Tier 1 common equity ratio             | –                         |   | 12.17          | 11.77         | 11.33          | 10.75         | 10.45          |
| Risk-based capital:                    |                           |   |                |               |                |               |                |
| Tier 1 capital                         | 6.00                      | % | 12.30          | 11.90         | 11.45          | 10.86         | 10.56          |
| Total capital                          | 10.00                     |   | 15.79          | 15.38         | 15.09          | 14.43         | 14.10          |
| Leverage                               | 5.00                      |   | 8.61           | 8.57          | 8.25           | 8.05          | 8.16           |

Capital resources of financial institutions are also regularly measured by the tangible common shareholders' equity ratio. Tangible common shareholders' equity is shareholders' equity as defined by GAAP less intangible assets and equity which does not benefit common shareholders. Equity that does not benefit common shareholders includes preferred equity and equity provided by the U.S. Treasury's TARP program. Tier 1 common equity is tier 1 equity as

defined by banking regulations, adjusted for other comprehensive income (loss) and equity which does not benefit common shareholders. These non-GAAP measures are valuable indicators of a financial institution's capital strength since it eliminates intangible assets from shareholders' equity and retains the effect of unrealized losses on securities and other components of accumulated other comprehensive income (loss) in shareholders' equity.

On September 12, 2010 the Group of Governors and Head of Supervision ("GHOS"), the oversight body of the Basel Committee on Banking Supervision announced changes to strengthening of existing capital and liquidity requirements of internationally active banking organizations. The Basel Committee on Banking Supervision provides an international forum for regular cooperation on banking supervisory matters by its members, including the United States and other large developed countries and the GHOS is composed of central bank governors and heads of supervision from its member countries. The GHOS agreement calls for national jurisdictions to implement the new requirements beginning January 1, 2013. Minimum common equity held by banks will increase from 2% to

4.5% over a phase-in period to be completed by January 1, 2015. Certain capital deductions and the phase-in of an additional capital conservation buffer of 2.5% of common equity will occur beginning January 1, 2014 and concluding no later than January 1, 2019. The purpose of the conservation buffer is to ensure that banks maintain a buffer of capital that can be used to absorb losses during periods of stress, with constraints on earnings distribution as banks' regulatory ratios approach the minimum requirement. In addition, the Tier 1 capital requirement, which include common equity and other qualifying financial instruments based on stricter criteria, will increase from 4% to 6%. Our current capital appears to be well in excess of the preliminary standards.

Table 37 following provides a reconciliation of the non-GAAP measures with financial measures defined by GAAP.

| Table 37 – Non-GAAP Measures<br>(Dollars in thousands) | Sept. 30,<br>2010 | June 30,<br>2010 | March 31,<br>2010 | Dec. 31,<br>2009 | Sept. 30,<br>2009 |
|--|-------------------|------------------|-------------------|------------------|-------------------|
| Tangible common equity ratio:                          |                   |                  |                   |                  |                   |
| Total shareholders' equity                             | \$2,503,650       | \$2,428,738      | \$2,312,443       | \$2,205,813      | \$2,185,013       |
| Less: Intangible assets, net                           | 350,769           | 351,592          | 352,916           | 354,239          | 356,152           |
| Tangible common equity                                 | 2,152,881         | 2,077,146        | 1,959,527         | 1,851,574        | 1,828,861         |
| Total assets   | 24,385,952        | 23,736,728       | 23,501,976        | 23,516,831       | 23,876,841        |
| Less: Intangible assets, net                           | 350,769           | 351,592          | 352,916           | 354,239          | 356,152           |
| Tangible assets  | \$24,035,183      | \$23,385,136     | \$23,149,060      | \$23,162,592     | \$23,520,689      |
| Tangible common equity ratio                           | 8.96 %            | 8.88 %           | 8.46 %            | 7.99 %           | 7.78 %            |
| Tier 1 common equity ratio:                            |                   |                  |                   |                  |                   |
| Tier 1 capital   | \$2,027,226       | \$1,976,588      | \$1,922,783       | \$1,876,778      | \$1,849,254       |
| Less: Non-controlling interest                         | 20,338            | 21,289           | 20,274            | 19,561           | 18,981            |
| Tier 1 common equity                                   | 2,006,888         | 1,955,299        | 1,902,509         | 1,857,217        | 1,830,273         |
| Risk weighted assets                                   | \$16,484,702      | \$16,611,662     | \$16,787,566      | \$17,275,808     | \$17,515,147      |
| Tier 1 common equity ratio                             | 12.17 %           | 11.77 %          | 11.33 %           | 10.75 %          | 10.45 %           |

#### Off-Balance Sheet Arrangements

Bank of Oklahoma agreed to guarantee rents totaling \$28.7 million through September of 2017 to the City of Tulsa ("City") as owner of a building immediately adjacent to the Bank's main office for space currently rented by third-party tenants in the building. All rent payments are current and remaining guaranteed rents totaled \$20.7 million at September 30, 2010. In return for this guarantee, Bank of Oklahoma will receive 80% of net cash flow as defined in an agreement with the City through September 2017 from currently vacant space in the same building. Approximately 42 thousand square feet of this additional space has been rented to outside parties since the date of the agreement. The maximum amount that Bank of Oklahoma may receive under this agreement is \$4.5 million.

#### 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. Energy and agricultural product derivative contracts, which are affected by changes in commodity prices, are matched against offsetting contracts as previously discussed.

The Asset / Liability Committee is responsible for managing market risk in accordance with policy guidelines established by the Board of Directors. The Committee monitors projected variation in net interest revenue and net

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interest income and economic value of equity due to specified changes in interest rates. The policy limit for net interest revenue variation is a maximum decline of 5% to an up or down 200 basis point change over twelve months.

#### 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 have relatively limited exposure 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 longer time periods based on multiple 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 50 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 decrease in intermediate and long-term interest rates that began the second quarter of 2010 and continued in the third quarter of 2010 has increased the expected level of mortgage prepayments over the next 12 months thereby shortening the overall duration of assets. The result is an asset sensitive position compared to the relatively neutral position of the prior quarter. If intermediate and long-term rates were to increase to levels seen in the early part of the second quarter, the asset sensitive position would move back towards neutral, absent other changes in the balance sheet or economic hedges.

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 38 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 Note 6 to the Consolidated Financial Statements.

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

Table 38 – Interest Rate Sensitivity  
(Dollars in thousands)

|  | 200 bp Increase |            | 50 bp Decrease |      |
|--|-----------------|------------|----------------|------|
|  | 2010            | 2009       | 2010           | 2009 |
| Anticipated impact over the next twelve months on net interest revenue | \$36,029        | \$(2,096 ) | \$(13,740 )    | ***  |

5.51 % (0.0 )% (2.10 )% \*\*\*

\*\*\*A 50 basis point decrease was not computed in 2009.

### 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

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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 \$7.4 million. At September 30, 2010, the VAR was \$2.0 million. The greatest value at risk during the third quarter of 2010 was \$5.1 million.

#### Controls and Procedures

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

#### Forward-Looking Statements

This report contains forward-looking statements that are based on management's beliefs, assumptions, current expectations, estimates, and projections about BOK Financial, the financial services industry and the economy in general. Words such as "anticipates," "believes," "estimates," "expects," "forecasts," "plans," "projects," variations of such words and similar expressions are intended to identify such forward-looking statements. Management judgments relating to and discussion of the provision and reserve for loan losses involve judgments as to expected events and are inherently forward-looking statements. Assessments that BOK Financial's acquisitions and other growth endeavors will be profitable are necessary statements of belief as to the outcome of future events, based in part on information provided by others that BOK Financial has not independently verified. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict with regard to timing, extent, likelihood and degree of occurrence. Therefore, actual results and outcomes may materially differ from what is expressed, implied, or forecasted in such forward-looking statements. Internal and external factors that might cause such a difference include, but are not limited to: (1) the ability to fully realize expected cost savings from mergers within the expected time frames, (2) the ability of other companies on which BOK Financial relies to provide goods and services in a timely and accurate manner, (3) changes in interest rates and interest rate relationships, (4) demand for products and services, (5) the degree of competition by traditional and nontraditional competitors, (6) changes in banking regulations, tax laws, prices, levies, and assessments, (7) the impact of technological advances and (8) trends

in customer behavior as well as their ability to repay loans. BOK Financial and its affiliates undertake no obligation to update, amend, or clarify forward-looking statements, whether as a result of new information, future events or otherwise.

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

|  | Three Months Ended Sept.<br>30, |            | Nine Months Ended Sept.<br>30, |            |
|--|---------------------------------|------------|--------------------------------|------------|
|  | 2010                            | 2009       | 2010                           | 2009       |
| Interest revenue   |                                 |            |                                |            |
| Loans  | \$ 132,430                      | \$ 139,344 | \$ 395,476                     | \$ 425,764 |
| Residential mortgage loans held for sale                 | 2,592                           | 2,198      | 6,516                          | 7,791      |
| Taxable securities                                       | 79,472                          | 81,890     | 243,544                        | 246,605    |
| Tax-exempt securities                                    | 2,019                           | 2,203      | 6,776                          | 7,766      |
| Total securities   | 81,491                          | 84,093     | 250,320                        | 254,371    |
| Trading securities                                       | 450                             | 593        | 1,602                          | 2,170      |
| Funds sold and resell agreements                         | 4                               | 18         | 20                             | 62         |
| Total interest revenue                                   | 216,967                         | 226,246    | 653,934                        | 690,158    |
| Interest expense   |                                 |            |                                |            |
| Deposits   | 27,266                          | 36,340     | 81,175                         | 133,370    |
| Borrowed funds   | 3,322                           | 3,887      | 10,592                         | 14,146     |
| Subordinated debentures                                  | 5,664                           | 5,558      | 16,765                         | 16,756     |
| Total interest expense                                   | 36,252                          | 45,785     | 108,532                        | 164,272    |
| Net interest revenue                                     | 180,715                         | 180,461    | 545,402                        | 525,886    |
| Provision for credit losses                              | 20,000                          | 55,120     | 98,140                         | 147,280    |
| Net interest revenue after provision for credit losses   | 160,715                         | 125,341    | 447,262                        | 378,606    |
| Other operating revenue                                  |                                 |            |                                |            |
| Brokerage and trading revenue                            | 27,072                          | 24,944     | 72,861                         | 71,437     |
| Transaction card revenue                                 | 28,852                          | 26,264     | 82,802                         | 79,225     |
| Trust fees and commissions                               | 16,774                          | 16,315     | 50,831                         | 49,685     |
| Deposit service charges and fees                         | 24,290                          | 30,464     | 79,879                         | 86,290     |
| Mortgage banking revenue                                 | 29,236                          | 13,197     | 62,442                         | 51,577     |
| Bank-owned life insurance                                | 3,004                           | 2,634      | 8,884                          | 7,369      |
| Other revenue  | 7,708                           | 6,138      | 22,720                         | 18,980     |
| Total fees and commissions                               | 136,936                         | 119,956    | 380,419                        | 364,563    |
| Gain (loss) on sales of assets                           | (1,331 )                        | 3,223      | (1,176 )                       | 4,339      |
| Gain (loss) on derivatives, net                          | 4,626                           | (294 )     | 11,557                         | (2,995 )   |
| Gain on securities, net                                  | 11,753                          | 12,266     | 39,377                         | 38,845     |
| Total other-than-temporary impairment losses             | (4,525 )                        | (6,133 )   | (25,192 )                      | (61,764 )  |
| Portion of loss recognized in other comprehensive income | 9,786                           | (2,752 )   | (4,010 )                       | (41,839 )  |
| Net impairment losses recognized in earnings             | (14,311 )                       | (3,381 )   | (21,182 )                      | (19,925 )  |
| Total other operating revenue                            | 137,673                         | 131,770    | 408,995                        | 384,827    |
| Other operating expense                                  |                                 |            |                                |            |
| Personnel  | 101,216                         | 98,012     | 295,094                        | 286,830    |
| Business promotion                                       | 4,426                           | 4,827      | 13,349                         | 13,824     |
| Professional fees and services                           | 7,621                           | 7,555      | 20,690                         | 21,430     |
| Net occupancy and equipment                              | 16,436                          | 15,884     | 47,638                         | 48,115     |
| Insurance  | 6,052                           | 6,092      | 18,181                         | 17,628     |
| FDIC special assessment                                  | —                               | —          | —                              | 11,773     |
| Data processing and communications                       | 21,601                          | 20,413     | 63,850                         | 60,171     |
| Printing, postage and supplies                           | 3,648                           | 3,716      | 10,495                         | 12,359     |
| Net losses and expenses of repossessed assets            | 7,230                           | 3,497      | 27,517                         | 6,299      |

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|  |            |            |            |            |
|--|------------|------------|------------|------------|
| Amortization of intangible assets                            | 1,324      | 1,686      | 3,971      | 5,058      |
| Mortgage banking costs                                       | 9,093      | 8,065      | 28,740     | 24,868     |
| Change in fair value of mortgage servicing rights            | 15,924     | 2,981      | 21,450     | (6,839 )   |
| Visa retrospective responsibility obligation                 | 1,103      | —          | 1,103      | —          |
| Other expense  | 9,491      | 6,004      | 22,731     | 18,780     |
| Total other operating expense                                | 205,165    | 178,732    | 574,809    | 520,296    |
| Income before taxes  | 93,223     | 78,379     | 281,448    | 243,137    |
| Federal and state income tax                                 | 29,935     | 24,772     | 92,260     | 81,925     |
| Net income   | 63,288     | 53,607     | 189,188    | 161,212    |
| Net income (loss) attributable to non-controlling interest   | (979 )     | 2,947      | 1,266      | 3,405      |
| Net income attributable to BOK Financial Corp.               | \$64,267   | \$50,660   | \$187,922  | \$157,807  |
| Earnings per share:  |            |            |            |            |
| Basic  | \$0.94     | \$0.75     | \$2.76     | \$2.33     |
| Diluted  | \$0.94     | \$0.75     | \$2.75     | \$2.33     |
| Average shares used in computation:                          |            |            |            |            |
| Basic  | 67,625,378 | 67,392,059 | 67,608,277 | 67,351,436 |
| Diluted  | 67,765,344 | 67,513,700 | 67,812,436 | 67,450,172 |
| Dividends declared per share                                 | \$0.25     | \$0.24     | \$0.74     | \$0.705    |
| See accompanying notes to consolidated financial statements. |            |            |            |            |

Consolidated Balance Sheets  
(In thousands except share data)

|   | September<br>30,<br>2010<br>(Unaudited) | Dec. 31,<br>2009<br>(Footnote 1) | September<br>30,<br>2009<br>(Unaudited) |
|---|---|----------------------------------|---|
| <b>Assets</b>   |   |                                  |   |
| Cash and due from banks   | \$ 1,175,434                            | \$ 875,250                       | \$ 1,383,244                            |
| Funds sold and resell agreements  | 20,468                                  | 45,966                           | 39,465                                  |
| Trading securities  | 82,247                                  | 65,354                           | 100,898                                 |
| <b>Securities:</b>  |   |                                  |   |
| Available for sale  | 9,424,770                               | 8,726,135                        | 8,176,631                               |
| Available for sale securities pledged to creditors  | 135,440                                 | 145,888                          | 181,931                                 |
| Investment (fair value: September 30, 2010 – \$358,340; December 31, 2009 - \$246,704; Sept.30, 2009 – \$244,774)     | 343,748                                 | 240,405                          | 238,101                                 |
| Mortgage trading securities   | 475,215                                 | 285,950                          | 320,971                                 |
| Total securities  | 10,379,173                              | 9,398,378                        | 8,917,634                               |
| Residential mortgage loans held for sale  | 316,893                                 | 217,826                          | 172,301                                 |
| <b>Loans</b>  |   |                                  |   |
| Loans   | 10,805,844                              | 11,279,698                       | 11,611,564                              |
| Less reserve for loan losses  | (299,154 )                              | (292,095 )                       | (280,902 )                              |
| Loans, net of reserve   | 10,506,690                              | 10,987,603                       | 11,330,662                              |
| Premises and equipment, net   | 267,189                                 | 280,260                          | 286,702                                 |
| Accrued revenue receivable  | 138,234                                 | 108,822                          | 68,617                                  |
| Goodwill  | 335,601                                 | 335,601                          | 335,829                                 |
| Intangible assets, net  | 15,168                                  | 18,638                           | 20,323                                  |
| Mortgage servicing rights, net  | 86,333                                  | 73,824                           | 66,689                                  |
| Real estate and other repossessed assets  | 126,859                                 | 129,034                          | 89,507                                  |
| Bankers' acceptances  | 259                                     | 3,869                            | 9,882                                   |
| Derivative contracts  | 266,104                                 | 343,782                          | 397,110                                 |
| Cash surrender value of bank-owned life insurance   | 254,884                                 | 247,357                          | 244,456                                 |
| Receivable on unsettled securities trades   | 124,365                                 | –                                | –                                       |
| Other assets  | 290,051                                 | 385,267                          | 413,522                                 |
| Total assets  | \$ 24,385,952                           | \$ 23,516,831                    | \$ 23,876,841                           |
| <b>Liabilities</b>  |   |                                  |   |
| Noninterest-bearing demand deposits   | \$ 4,046,515                            | \$ 3,653,844                     | \$ 3,462,188                            |
| <b>Interest-bearing deposits:</b>   |   |                                  |   |
| Transaction   | 8,845,385                               | 7,930,439                        | 7,380,449                               |
| Savings   | 189,191                                 | 165,952                          | 167,896                                 |
| Time (includes fair value: \$27,804 at September 30, 2010; \$98,031 at December 31, 2009; \$98,068 at Sept. 30, 2009) | 3,741,500                               | 3,767,993                        | 4,084,813                               |
| Total deposits  | 16,822,591                              | 15,518,228                       | 15,095,346                              |
| Funds purchased and repurchase agreements   | 2,049,733                               | 2,471,743                        | 2,198,900                               |
| Other borrowings  | 1,303,591                               | 2,133,357                        | 3,189,948                               |
| Subordinated debentures   | 398,658                                 | 398,539                          | 398,502                                 |
| Accrued interest, taxes and expense   | 132,564                                 | 111,880                          | 123,409                                 |
| Bankers' acceptances  | 259                                     | 3,869                            | 9,882                                   |
| Derivative contracts  | 218,296                                 | 308,360                          | 395,197                                 |
| Due on unsettled securities trades  | 756,532                                 | 212,335                          | 133,974                                 |
| Other liabilities   | 179,740                                 | 133,146                          | 127,689                                 |

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|   |              |              |              |
|---|--------------|--------------|--------------|
| Total liabilities   | 21,861,964   | 21,291,457   | 21,672,847   |
| Shareholders' equity:   |              |              |              |
| Common stock (\$.00006 par value; 2,500,000,000 shares authorized; shares issued and outstanding: September 30, 2010 – 70,627,117; December 31, 2009 – 70,312,086; September 30, 2009 – 70,137,096) | 4            | 4            | 4            |
| Capital surplus   | 772,194      | 758,723      | 750,487      |
| Retained earnings   | 1,701,909    | 1,563,683    | 1,537,373    |
| Treasury stock (shares at cost: September 30, 2010 – 2,535,991; December 31, 2009 – 2,509,279; September 30, 2009 – 2,429,549)  | (109,498 )   | (105,857 )   | (102,088 )   |
| Accumulated other comprehensive income (loss)   | 139,041      | (10,740 )    | (763 )       |
| Total shareholders' equity  | 2,503,650    | 2,205,813    | 2,185,013    |
| Non-controlling interest  | 20,338       | 19,561       | 18,981       |
| Total equity  | 2,523,988    | 2,225,374    | 2,203,994    |
| Total liabilities and equity  | \$24,385,952 | \$23,516,831 | \$23,876,841 |

See accompanying notes to consolidated financial statements.

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

|  | Common<br>Stock<br>Shares | Accumulated |                  | Capital<br>Surplus | Retained<br>Earnings | Treasury Stock |             | Total<br>Shareholders<br>Equity | Non-<br>Controlling<br>Interest | Total<br>Equity |
|--|---------------------------|-------------|------------------|--------------------|----------------------|----------------|-------------|---------------------------------|---------------------------------|-----------------|
|  |                           | Amount      | Income<br>(Loss) |                    |                      | Shares         | Amount      |                                 |                                 |                 |
| Balances at<br>December 31,<br>2008                          | 69,885                    | \$4         | \$(222,886)      | \$743,411          | \$1,427,057          | 2,412          | \$(101,329) | \$1,846,257                     | \$13,855                        | \$1,860,112     |
| Comprehensive<br>income:                                     |                           |             |                  |                    |                      |                |             |                                 |                                 |                 |
| Net income<br>attributable to<br>BOKF                        | –                         | –           | –                | –                  | 157,807              | –              | –           | 157,807                         | –                               | 157,807         |
| Net income<br>attributable to<br>non-controlling<br>interest | –                         | –           | –                | –                  | –                    | –              | –           | –                               | 3,405                           | 3,405           |
| Other<br>comprehensive<br>income, net<br>of tax              | –                         | –           | 222,123          | –                  | –                    | –              | –           | 222,123                         | –                               | 222,123         |
| Comprehensive<br>income                                      |                           |             |                  |                    |                      |                |             | 379,930                         | 3,405                           | 383,335         |
| Exercise of<br>stock options                                 | 252                       | –           | –                | 3,351              | –                    | 18             | (759 )      | 2,592                           | –                               | 2,592           |
| Tax benefit on<br>exercise of<br>stock options               | –                         | –           | –                | (539 )             | –                    | –              | –           | (539 )                          | –                               | (539 )          |
| Stock-based<br>compensation                                  | –                         | –           | –                | 4,264              | –                    | –              | –           | 4,264                           | –                               | 4,264           |
| Cash dividends<br>on common<br>stock                         | –                         | –           | –                | –                  | (47,491 )            | –              | –           | (47,491 )                       | –                               | (47,491 )       |
| Capital calls<br>and<br>distributions,<br>net                | –                         | –           | –                | –                  | –                    | –              | –           | –                               | 1,721                           | 1,721           |
| Balances at<br>September 30,<br>2009                         | 70,137                    | \$4         | \$(763 )         | \$750,487          | \$1,537,373          | 2,430          | \$(102,088) | \$2,185,013                     | \$18,981                        | \$2,203,994     |
| Balances<br>at December<br>31, 2009                          | 70,312                    | \$4         | \$(10,740 )      | \$758,723          | \$1,563,683          | 2,509          | \$(105,857) | \$2,205,813                     | \$19,561                        | \$2,225,374     |

|   |        |     |           |           |             |       |             |             |          |             |
|---|--------|-----|-----------|-----------|-------------|-------|-------------|-------------|----------|-------------|
| Comprehensive income:                               |        |     |           |           |             |       |             |             |          |             |
| Net income attributable to BOKF                     | –      | –   | –         | –         | 187,922     | –     | –           | 187,922     | –        | 187,922     |
| Net income attributable to non-controlling interest | –      | –   | –         | –         | –           | –     | –           | –           | 1,266    | 1,266       |
| Other comprehensive income, net of tax              | –      | –   | 149,781   | –         | –           | –     | –           | 149,781     | –        | 149,781     |
| Comprehensive income                                |        |     |           |           |             |       |             | 337,703     | 1,266    | 338,969     |
| Exercise of stock options                           | 315    | –   | –         | 6,900     | –           | 27    | (3,641 )    | 3,259       | –        | 3,259       |
| Tax benefit on exercise of stock options            | –      | –   | –         | 340       | –           | –     | –           | 340         | –        | 340         |
| Stock-based compensation                            | –      | –   | –         | 6,231     | –           | –     | –           | 6,231       | –        | 6,231       |
| Cash dividends on common stock                      | –      | –   | –         | –         | (49,696 )   | –     | –           | (49,696 )   | –        | (49,696 )   |
| Capital calls and distributions, net                | –      | –   | –         | –         | –           | –     | –           | –           | (489 )   | (489 )      |
| Balances at September 30, 2010                      | 70,627 | \$4 | \$139,041 | \$772,194 | \$1,701,909 | 2,536 | \$(109,498) | \$2,503,650 | \$20,338 | \$2,523,988 |

See accompanying notes to consolidated financial statements.



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

|   | Nine Months Ended<br>September 30, |             |
|---|------------------------------------|-------------|
|   | 2010                               | 2009        |
| <b>Cash Flows From Operating Activities:</b>  |                                    |             |
| Net income  | \$ 189,188                         | \$ 161,212  |
| Adjustments to reconcile net income before non-controlling interest to net cash provided by operating activities: |                                    |             |
| Provision for credit losses   | 98,140                             | 147,280     |
| Change in fair value of mortgage servicing rights   | 21,450                             | (6,839 )    |
| Unrealized (gains) losses from derivatives  | (17,031 )                          | 26,485      |
| Tax expense (benefit) on exercise of stock options  | (340 )                             | 539         |
| Change in bank-owned life insurance   | (8,884 )                           | (7,450 )    |
| Stock-based compensation  | 6,231                              | 4,264       |
| Depreciation and amortization   | 45,514                             | 58,858      |
| Net amortization of securities discounts and premiums   | 69,694                             | 17,930      |
| Net realized losses on financial instruments and other assets   | (528 )                             | (47,052 )   |
| Mortgage loans originated for resale  | (1,505,102)                        | (2,203,732) |
| Proceeds from sale of mortgage loans held for resale  | 1,430,116                          | 2,186,897   |
| Capitalized mortgage servicing rights   | (18,078 )                          | (32,699 )   |
| Change in trading securities, including mortgage trading securities   | (213,293 )                         | 43,405      |
| Change in accrued revenue receivable  | (29,412 )                          | 28,056      |
| Change in other assets  | (761 )                             | (107,402 )  |
| Change in accrued interest, taxes and expense   | 21,115                             | (9,811 )    |
| Change in other liabilities   | 42,721                             | (5,499 )    |
| Net cash provided by operating activities   | 130,740                            | 254,442     |
| <b>Cash Flows From Investing Activities:</b>  |                                    |             |
| Proceeds from maturities of investment securities   | 107,821                            | 82,513      |
| Proceeds from maturities of available for sale securities   | 1,378,682                          | 1,202,911   |
| Purchases of investment securities  | (211,312 )                         | (78,753 )   |
| Purchases of available for sale securities  | (3,398,323)                        | (5,273,635) |
| Proceeds from sales of available for sale securities  | 1,511,104                          | 2,481,861   |
| Loans originated net of principal collected   | 342,477                            | 1,082,051   |
| Purchase of mortgage servicing rights   | (32,291 )                          | -           |
| Proceeds from derivative asset contracts  | 151,911                            | 415,849     |
| Change in amount receivable on unsettled security transactions  | (124,365 )                         | -           |
| Proceeds from disposition of assets   | 31,619                             | 15,442      |
| Purchases of assets   | (27,534 )                          | (50,464 )   |
| Net cash used in investing activities   | (270,211 )                         | (122,225 )  |
| <b>Cash Flows From Financing Activities:</b>  |                                    |             |
| Net change in demand deposits, transaction deposits and savings accounts  | 1,330,856                          | 1,211,169   |
| Net change in time deposits   | (25,525 )                          | (1,090,580) |
| Net change in other borrowings  | (1,251,776)                        | 841,395     |
| Net payments or proceeds on derivative liability contracts  | (152,047 )                         | (459,840 )  |
| Net change in derivative margin accounts  | 14,549                             | (234,604 )  |
| Change in amount due on unsettled security transactions   | 544,197                            | 373,448     |
| Issuance of common and treasury stock, net  | 3,259                              | 2,592       |

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|   |             |             |
|---|-------------|-------------|
| Tax (expense) benefit on exercise of stock options                                  | 340         | (539 )      |
| Dividends paid  | (49,696 )   | (47,491 )   |
| Net cash provided by financing activities   | 414,157     | 595,550     |
| Net increase in cash and cash equivalents   | 274,686     | 727,767     |
| Cash and cash equivalents at beginning of period                                    | 921,216     | 694,942     |
| Cash and cash equivalents at end of period  | \$1,195,902 | \$1,422,709 |
| Cash paid for interest  | \$103,606   | \$329,982   |
| Cash paid for taxes   | \$92,293    | \$80,441    |
| Net loans and bank premises transferred to repossessed real estate and other assets | \$50,194    | \$25,532    |

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

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

The financial information should be read in conjunction with BOK Financial’s 2009 Form 10-K filed with the Securities and Exchange Commission, which contains audited financial statements. Amounts presented as of December 31, 2009 have been derived from the audited financial statements included in BOK Financial’s 2009 Form 10-K but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. Operating results for the three-month and nine-month periods ended September 30, 2010 are not necessarily indicative of the results that may be expected for the year ended December 31, 2010.

Newly Adopted and Pending Accounting Policies

Financial Accounting Standards Board

FASB Accounting Standards Update No. 2009-16, “Accounting for Transfers of Financial Assets” (“ASU 2009-16”)

ASU 2009-16 codifies Statement of Financial Accounting Standards No. 166, “Accounting for Transfers of Financial Assets – an amendment to Statement No. 140,” which amended Financial Accounting Standards No. 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. The standard eliminates the concept of a “qualifying special-purpose entity” and changes the requirements for derecognizing financial assets. It also requires additional disclosures about all continuing involvement with transferred financial assets including information about gains and losses resulting from transfers during the period. ASU 2009-16 was effective January 1, 2010 and did not have a significant impact on the Company’s financial statements.

FASB Accounting Standards Update No. 2009-17, “Improvements to Financial Reporting by Enterprises Involved With Variable Interest Entities” (“ASU 2009-17”)

ASU 2009-17 codifies Statement of Financial Accounting Standards No. 167, “Amendments to FASB Interpretation No. 46(R),” (“FAS 167”) which amended Financial Accounting Standards Interpretation No. 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. The standard 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. ASU 2009-17 was effective January 1, 2010 and did not have a significant impact on the Company's financial statements.

FASB Accounting Standards Update No. 2010-06, “Improving Disclosures About Fair Value Measurements” (“ASU 2010-06”)

ASU 2010-06 amends the Accounting Standards Codification (“ASC”) 820 to add new disclosure requirements about transfers into and out of Levels 1 and 2, as defined in ASC 820 and separate disclosures about purchases, sales, issuance and settlements relating to Level 3 measurements, as defined in ASC 820. It also clarified existing fair value disclosures about the level of disaggregation and about inputs and valuation techniques used to measure fair value. ASU 2010-06 was effective for the Company on January 1, 2010 with exception of the requirement to provide Level 3 activity of purchases, sales, issuances, and settlement on a gross basis, which will be effective for the Company on January 1, 2011. Early adoption is permitted. ASU 2010-06 is not expected to have a significant impact on the Company’s financial statements.

FASB Accounting Standards Update No. 2010-09, “Amendments to Certain Recognition and Disclosure Requirements” (“ASU 2010-09”)

On February 24, 2010, the FASB issued ASU 2010-09, which amends FASB Accounting Standards Codification 855, “Subsequent Events,” to address certain implementation issues related to an entity’s requirement to perform and disclose subsequent events procedures. ASU 2010-09 added a definition of the term “SEC filer” and requires SEC filers and certain other entities to evaluate subsequent events through the date the financial statements are issued. It also exempts SEC filers from disclosing the date through which subsequent events have been evaluated. The guidance was effective for the Company on January 1, 2010.

FASB Accounting Standards Update No. 2010-10, “Amendments to Statement 167 for Certain Investment Funds” (“ASU 2010-10”)

On February 25, 2010, the FASB issued ASU 2010-10, which amends certain provisions of Statement 167 (codified in ASC 810-10). The ASU defers the effective date of FAS 167 for reporting enterprise’s interest in certain entities and for certain money market mutual funds. In addition, the ASU amends certain provisions of ASC 810-10 to change how a decision maker or service provider determines whether its fee is a variable interest. ASU 2010-10 affects the Company’s evaluation of its involvement as administrator and investment advisor to Cavanal Hill money market funds and was effective for the Company as of January 1, 2010.

FASB Accounting Standards Update No. 2010-20 “Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses” (“ASU 2010-20”)

On July 21, 2010, the FASB issued ASU 2010-20 which expands the disclosure requirements concerning the credit quality of an entity’s financing receivables and its allowance for credit losses. ASU 2010-20 is effective for the Company as of December 31, 2010 as it relates to disclosures required as of the end of the reporting period. Disclosure related to activity during the reporting period of the Company will be required on or after January 1, 2011.

(2) Securities

Investment Securities

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

|                                   | September 30,     |                   |                              |                          |                   |                   |                              |                 |
|-----------------------------------|-------------------|-------------------|------------------------------|--------------------------|-------------------|-------------------|------------------------------|-----------------|
|                                   | 2010              |                   |                              |                          | 2009              |                   |                              |                 |
|                                   | Amortized<br>Cost | Fair<br>Value     | Not Recognized in<br>OCI (1) |                          | Amortized<br>Cost | Fair<br>Value     | Not Recognized in<br>OCI (1) |                 |
| Gross Unrealized<br>Gain          |                   |                   | Loss                         | Gross Unrealized<br>Gain |                   |                   | Loss                         |                 |
| Municipal and other<br>tax-exempt | \$ 187,608        | \$ 194,051        | \$ 6,443                     | \$-                      | \$ 230,868        | \$ 237,520        | \$ 6,667                     | \$ (15 )        |
| Other debt securities             | 156,140           | 164,289           | 8,292                        | (143 )                   | 7,233             | 7,254             | 21                           | -               |
| <b>Total</b>                      | <b>\$ 343,748</b> | <b>\$ 358,340</b> | <b>\$ 14,735</b>             | <b>\$ (143 )</b>         | <b>\$ 238,101</b> | <b>\$ 244,774</b> | <b>\$ 6,688</b>              | <b>\$ (15 )</b> |

|                                   | December 31, 2009 |                   |                              |                 |
|-----------------------------------|-------------------|-------------------|------------------------------|-----------------|
|                                   | Amortized<br>Cost | Fair<br>Value     | Not Recognized in<br>OCI (1) |                 |
|                                   |                   |                   | Gross Unrealized<br>Gain     | Loss            |
| Municipal and other<br>tax-exempt | \$ 232,568        | \$ 238,847        | \$ 6,336                     | \$ (57 )        |
| Other debt securities             | 7,837             | 7,857             | 20                           | -               |
| <b>Total</b>                      | <b>\$ 240,405</b> | <b>\$ 246,704</b> | <b>\$ 6,356</b>              | <b>\$ (57 )</b> |

(1) Other comprehensive income

The amortized cost and fair values of investment securities at September 30, 2010, by contractual maturity, are as shown in the following table (dollars in thousands):

|                                    | Less than<br>One Year | One to<br>Five Years | Six to<br>Ten Years | Over<br>Ten Years | Total      | Weighted<br>Average<br>Maturity <sup>2</sup> |
|------------------------------------|-----------------------|----------------------|---------------------|-------------------|------------|--|
| Municipal and other<br>tax-exempt: |                       |                      |                     |                   |            |  |
| Amortized cost                     | \$ 54,553             | \$ 98,743            | \$ 27,608           | \$ 6,704          | \$ 187,608 | 3.09   |
| Fair value                         | 55,325                | 102,654              | 29,090              | 6,982             | 194,051    |  |
| Nominal yield <sup>1</sup>         | 4.73                  | 4.55                 | 5.48                | 6.28              | 4.81       |  |
| Other debt securities:             |                       |                      |                     |                   |            |  |
| Amortized cost                     | \$ 4,182              | \$ 25,839            | \$ 22,522           | \$ 103,597        | \$ 156,140 | 11.16  |
| Fair value                         | 4,183                 | 26,142               | 22,899              | 111,065           | 164,289    |  |
| Nominal yield                      | 1.06                  | 5.47                 | 5.69                | 6.31              | 5.94       |  |
| Total fixed maturity securities:   |                       |                      |                     |                   |            |  |
| Amortized cost                     | \$ 58,735             | \$ 124,582           | \$ 50,130           | \$ 110,301        | \$ 343,748 | 6.76   |
| Fair value                         | 59,508                | 128,796              | 51,989              | 118,047           | 358,340    |  |

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|                              |      |      |      |      |           |
|------------------------------|------|------|------|------|-----------|
| Nominal yield                | 4.47 | 4.74 | 5.57 | 6.31 | 5.32      |
| Total investment securities: |      |      |      |      |           |
| Amortized cost               |      |      |      |      | \$343,748 |
| Fair value                   |      |      |      |      | 358,340   |
| Nominal yield                |      |      |      |      | 5.32      |

<sup>1</sup> Calculated on a taxable equivalent basis using a 39% effective tax rate.

<sup>2</sup>Expected maturities may differ from contractual maturities, because borrowers may have the right to call or prepay obligations with or without penalty.

## Available for Sale Securities

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

|  | September 30, 2010 |               |                       |            |                                       |
|--|--------------------|---------------|-----------------------|------------|---------------------------------------|
|  | Amortized<br>Cost  | Fair<br>Value | Recognized in OCI (1) |            | Other Than<br>Temporary<br>Impairment |
| Gross Unrealized<br>Gain                     |                    |               | Loss                  |            |                                       |
| Municipal and other tax-exempt               | \$66,384           | \$68,308      | \$2,041               | \$(117)    | \$-                                   |
| Residential mortgage-backed securities:      |                    |               |                       |            |                                       |
| U. S. agencies:                              |                    |               |                       |            | -                                     |
| FNMA   | 4,647,155          | 4,818,663     | 173,275               | (1,767)    | -                                     |
| FHLMC  | 2,645,596          | 2,745,549     | 99,953                | -          | -                                     |
| GNMA   | 886,910            | 924,861       | 38,003                | (52)       | -                                     |
| Other  | 100,589            | 107,838       | 7,249                 | -          | -                                     |
| Total U.S. agencies                          | 8,280,250          | 8,596,911     | 318,480               | (1,819)    | -                                     |
| Private issue:                               |                    |               |                       |            |                                       |
| Alt-A loans                                  | 211,343            | 178,221       | -                     | (1,016)    | (32,106)                              |
| Jumbo-A loans                                | 575,552            | 530,251       | 1,964                 | (17,491)   | (29,774)                              |
| Total private issue                          | 786,895            | 708,472       | 1,964                 | (18,507)   | (61,880)                              |
| Total residential mortgage-backed securities | 9,067,145          | 9,305,383     | 320,444               | (20,326)   | (61,880)                              |
| Other debt securities                        | 9,897              | 9,887         | -                     | (10)       | -                                     |
| Federal Reserve Bank stock                   | 32,844             | 32,844        | -                     | -          | -                                     |
| Federal Home Loan Bank stock                 | 77,095             | 77,095        | -                     | -          | -                                     |
| Perpetual preferred stock                    | 19,511             | 22,024        | 2,513                 | -          | -                                     |
| Equity securities and mutual funds           | 31,913             | 44,669        | 13,279                | (523)      | -                                     |
| Total  | \$9,304,789        | \$9,560,210   | \$338,277             | \$(20,976) | \$(61,880)                            |

(1) Other comprehensive income

|   | December 31, 2009 |               |                       |          |                                       |
|---|-------------------|---------------|-----------------------|----------|---------------------------------------|
|   | Amortized<br>Cost | Fair<br>Value | Recognized in OCI (1) |          | Other Than<br>Temporary<br>Impairment |
| Gross Unrealized<br>Gain                |                   |               | Loss                  |          |                                       |
| U.S. Treasury                           | \$6,998           | \$7,020       | \$22                  | \$-      | \$-                                   |
| Municipal and other tax-exempt          | 61,268            | 62,201        | 1,244                 | (311)    | -                                     |
| Residential mortgage-backed securities: |                   |               |                       |          |                                       |
| U. S. agencies:                         |                   |               |                       |          |                                       |
| FNMA                                    | 3,690,280         | 3,782,180     | 98,764                | (6,864)  | -                                     |
| FHLMC                                   | 2,479,522         | 2,547,978     | 70,024                | (1,568)  | -                                     |
| GNMA                                    | 1,221,577         | 1,225,042     | 10,371                | (6,906)  | -                                     |
| Other                                   | 254,438           | 254,128       | 5,080                 | (5,390)  | -                                     |
| Total U.S. agencies                     | 7,645,817         | 7,809,328     | 184,239               | (20,728) | -                                     |
| Private issue:                          |                   |               |                       |          |                                       |
| Alt-A loans                             | 262,106           | 195,808       | -                     | (13,305) | (52,993)                              |
| Jumbo-A loans                           | 699,272           | 596,554       | -                     | (71,023) | (31,695)                              |



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|  |             |             |           |              |             |
|--|-------------|-------------|-----------|--------------|-------------|
| Total private issue                          | 961,378     | 792,362     | –         | (84,328 )    | (84,688 )   |
| Total residential mortgage-backed securities | 8,607,195   | 8,601,690   | 184,239   | (105,056 )   | (84,688 )   |
| Other debt securities                        | 17,174      | 17,147      | –         | (27 )        | –           |
| Federal Reserve Bank stock                   | 32,526      | 32,526      | –         | –            | –           |
| Federal Home Loan Bank stock                 | 78,999      | 78,999      | –         | –            | –           |
| Perpetual preferred stock                    | 19,224      | 22,275      | 3,051     | –            | –           |
| Equity securities and mutual funds           | 35,414      | 50,165      | 15,275    | (524 )       | –           |
| Total  | \$8,858,798 | \$8,872,023 | \$203,831 | \$(105,918 ) | \$(84,688 ) |
| (1) Other comprehensive income               |             |             |           |              |             |

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|  | September 30, 2009 |               |                       |             |                                       |
|--|--------------------|---------------|-----------------------|-------------|---------------------------------------|
|  | Amortized<br>Cost  | Fair<br>Value | Recognized in OCI (1) |             | Other Than<br>Temporary<br>Impairment |
| Gross<br>Gain                                |                    |               | Unrealized<br>Loss    |             |                                       |
| Municipal and other tax-exempt               | \$6,995            | \$7,052       | \$57                  | \$-         | \$-                                   |
| Residential mortgage-backed securities:      | 46,393             | 47,903        | 1,730                 | (220)       | -                                     |
| U. S. agencies:                              |                    |               |                       |             |                                       |
| FNMA   | 3,400,688          | 3,510,572     | 112,054               | (2,170)     | -                                     |
| FHLMC  | 2,323,379          | 2,396,767     | 73,440                | (52)        | -                                     |
| GNMA   | 828,543            | 846,693       | 18,559                | (409)       | -                                     |
| Other  | 131,270            | 132,835       | 5,047                 | (3,482)     | -                                     |
| Total U.S. agencies                          | 6,683,880          | 6,886,867     | 209,100               | (6,113)     | -                                     |
| Private issue:                               |                    |               |                       |             |                                       |
| Alt-A loans                                  | 298,738            | 233,976       | -                     | (41,377)    | (23,385)                              |
| Jumbo-A loans                                | 1,033,612          | 906,967       | 80                    | (122,156)   | (4,569)                               |
| Total private issue                          | 1,332,350          | 1,140,943     | 80                    | (163,533)   | (27,954)                              |
| Total residential mortgage-backed securities | 8,016,230          | 8,027,810     | 209,180               | (169,646)   | (27,954)                              |
| Other debt securities                        | 15,883             | 15,862        | -                     | (21)        | -                                     |
| Federal Reserve Bank stock                   | 32,526             | 32,526        | -                     | -           | -                                     |
| Federal Home Loan Bank stock                 | 146,355            | 146,355       | -                     | -           | -                                     |
| Perpetual preferred stock                    | 19,751             | 20,038        | 527                   | (240)       | -                                     |
| Equity securities and mutual funds           | 43,531             | 61,016        | 18,009                | (524)       | -                                     |
| Total  | \$8,327,664        | \$8,358,562   | \$229,503             | \$(170,651) | \$(27,954)                            |

(1) Other comprehensive income

The amortized cost and fair values of available for sale securities at September 30, 2010, by contractual maturity, are as shown in the following table (dollars in thousands):

|                                      | Less than<br>One Year | One to<br>Five Years | Six to<br>Ten Years | Over<br>Ten Years <sup>6</sup> | Total       | Weighted<br>Average<br>Maturity <sup>5</sup> |
|--------------------------------------|-----------------------|----------------------|---------------------|--------------------------------|-------------|--|
| Municipal and other tax-exempt:      |                       |                      |                     |                                |             |  |
| Amortized cost                       | \$655                 | \$6,005              | \$14,816            | \$44,908                       | \$66,384    | 19.00  |
| Fair value                           | 663                   | 6,510                | 16,200              | 44,935                         | 68,308      |  |
| Nominal yield <sup>1</sup>           | 3.66                  | 4.09                 | 4.00                | 1.00                           | 1.97        |  |
| Other debt securities:               |                       |                      |                     |                                |             |  |
| Amortized cost                       | \$3                   | \$-                  | \$-                 | \$9,894                        | \$9,897     | 30.19  |
| Fair value                           | 3                     | -                    | -                   | 9,884                          | 9,887       |  |
| Nominal yield <sup>1</sup>           | 7.61                  | -                    | -                   | 1.46                           | 1.46        |  |
| Total fixed maturity securities:     |                       |                      |                     |                                |             |  |
| Amortized cost                       | \$658                 | \$6,005              | \$14,816            | \$54,802                       | \$76,281    | 20.45  |
| Fair value                           | 666                   | 6,510                | 16,200              | 54,819                         | 78,195      |  |
| Nominal yield                        | 3.68                  | 4.09                 | 4.00                | 1.08                           | 1.91        |  |
| Mortgage-backed securities:          |                       |                      |                     |                                |             |  |
| Amortized cost                       |                       |                      |                     |                                | \$9,067,145 | <sup>2</sup>                                 |
| Fair value                           |                       |                      |                     |                                | 9,305,383   |  |
| Nominal yield <sup>4</sup>           |                       |                      |                     |                                | 4.13        |  |
| Equity securities and mutual funds:  |                       |                      |                     |                                |             |  |
| Amortized cost                       |                       |                      |                     |                                | \$161,363   | <sup>3</sup>                                 |
| Fair value                           |                       |                      |                     |                                | 176,632     |  |
| Nominal yield                        |                       |                      |                     |                                | 2.01        |  |
| Total available-for-sale securities: |                       |                      |                     |                                |             |  |
| Amortized cost                       |                       |                      |                     |                                | \$9,304,789 |  |
| Fair value                           |                       |                      |                     |                                | 9,560,210   |  |
| Nominal yield                        |                       |                      |                     |                                | 4.07        |  |

<sup>1</sup> Calculated on a taxable equivalent basis using a 39% effective tax rate.

<sup>2</sup>The average expected lives of mortgage-backed securities were 2.92 years based upon current prepayment assumptions.

<sup>3</sup>Primarily restricted common stock of U.S. government agencies and preferred stock of corporate issuers with no stated maturity.

<sup>4</sup>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.

<sup>5</sup> Expected maturities may differ from contractual maturities, because borrowers may have the right to call or prepay obligations with or without penalty.

<sup>6</sup>Nominal yield on municipal and other tax-exempt securities and other debt securities with contractual maturity dates over ten years are based on variable rates which generally are reset within 35 days.

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

|                    |                   |
|--------------------|-------------------|
| Three Months Ended | Nine Months Ended |
|--------------------|-------------------|

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|  | September 30, |            | September 30, |              |
|--|---------------|------------|---------------|--------------|
|  | 2010          | 2009       | 2010          | 2009         |
| Proceeds                                     | \$ 595,967    | \$ 704,897 | \$ 1,511,104  | \$ 2,481,861 |
| Gross realized gains                         | 8,899         | 15,122     | 22,210        | 48,992       |
| Gross realized losses                        | –             | (1,390 )   | –             | (1,390 )     |
| Related federal and state income tax expense | 2,857         | 2,752      | 7,280         | 16,039       |

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

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Temporarily Impaired Securities as of September 30, 2010  
(In thousands)

|  | Number<br>of<br>Securities | Less Than 12 Months<br>Fair<br>Value | Unrealized<br>Loss | 12 Months or Longer<br>Fair<br>Value | Unrealized<br>Loss | Fair<br>Value | Total<br>Unrealized<br>Loss |
|--|----------------------------|--------------------------------------|--------------------|--------------------------------------|--------------------|---------------|-----------------------------|
| <b>Investment:</b>                           |                            |                                      |                    |                                      |                    |               |                             |
| Other debt securities                        | 15                         | \$20,052                             | \$143              | \$-                                  | \$-                | \$20,052      | \$143                       |
| <b>Available for sale:</b>                   |                            |                                      |                    |                                      |                    |               |                             |
| Municipal and other tax-exempt               | 18                         | 8,201                                | 20                 | 18,125                               | 97                 | 26,326        | 117                         |
| Residential mortgage-backed securities:      |                            |                                      |                    |                                      |                    |               |                             |
| U. S. agencies:                              |                            |                                      |                    |                                      |                    |               |                             |
| FNMA   | 9                          | 377,384                              | 1,767              | -                                    | -                  | 377,384       | 1,767                       |
| GNMA   | 2                          | 5,790                                | 52                 | -                                    | -                  | 5,790         | 52                          |
| Total U.S. agencies                          | 11                         | 383,174                              | 1,819              | -                                    | -                  | 383,174       | 1,819                       |
| Private issue:                               |                            |                                      |                    |                                      |                    |               |                             |
| Alt-A loans                                  | 20                         | -                                    | -                  | 178,220                              | 33,122             | 178,220       | 33,122                      |
| Jumbo-A loans                                | 53                         | -                                    | -                  | 447,649                              | 47,265             | 447,649       | 47,265                      |
| Total private issue                          | 73                         | -                                    | -                  | 625,869                              | 80,387             | 625,869       | 80,387                      |
| Total residential mortgage-backed securities | 84                         | 383,174                              | 1,819              | 625,869                              | 80,387             | 1,009,043     | 82,206                      |
| Other debt securities                        | 3                          | 1,093                                | 2                  | 2,394                                | 8                  | 3,487         | 10                          |
| Equity securities and mutual funds           | 2                          | -                                    | -                  | 2,681                                | 523                | 2,681         | 523                         |
| Total available for sale                     | 107                        | 392,468                              | 1,841              | 649,069                              | 81,015             | 1,041,537     | 82,856                      |
| Total  | 122                        | \$412,520                            | \$1,984            | \$649,069                            | \$81,015           | \$1,061,589   | \$82,999                    |

Temporarily Impaired Securities as of December 31, 2009  
(In thousands)

|                                | Number<br>of<br>Securities | Less Than 12 Months<br>Fair<br>Value | Unrealized<br>Loss | 12 Months or Longer<br>Fair<br>Value | Unrealized<br>Loss | Fair<br>Value | Total<br>Unrealized<br>Loss |
|--------------------------------|----------------------------|--------------------------------------|--------------------|--------------------------------------|--------------------|---------------|-----------------------------|
| <b>Investment:</b>             |                            |                                      |                    |                                      |                    |               |                             |
| Municipal and other tax exempt | 15                         | \$1,490                              | \$14               | \$2,991                              | \$43               | \$4,481       | \$57                        |
| <b>Available for sale:</b>     |                            |                                      |                    |                                      |                    |               |                             |
| Municipal and other tax-exempt | 27                         | 34,373                               | 265                | 657                                  | 46                 | 35,030        | 311                         |

|  |     |             |          |           |           |             |           |
|--|-----|-------------|----------|-----------|-----------|-------------|-----------|
| Residential mortgage-backed securities:      |     |             |          |           |           |             |           |
| U. S. agencies:                              |     |             |          |           |           |             |           |
| FNMA   | 21  | 497,659     | 6,864    | –         | –         | 497,659     | 6,864     |
| FHLMC  | 8   | 212,618     | 1,568    | –         | –         | 212,618     | 1,568     |
| GNMA   | 16  | 460,144     | 6,906    | –         | –         | 460,144     | 6,906     |
| Other  | 4   | 87,434      | 5,390    | –         | –         | 87,434      | 5,390     |
| Total U.S. agencies                          | 49  | 1,257,855   | 20,728   | –         | –         | 1,257,855   | 20,728    |
| Private issue:                               |     |             |          |           |           |             |           |
| Alt-A loans                                  | 21  | –           | –        | 195,808   | 66,298    | 195,808     | 66,298    |
| Jumbo-A loans                                | 65  | –           | –        | 596,554   | 102,718   | 596,554     | 102,718   |
| Total private issue                          | 86  | –           | –        | 792,362   | 169,016   | 792,362     | 169,016   |
| Total residential mortgage-backed securities | 135 | 1,257,855   | 20,728   | 792,362   | 169,016   | 2,050,217   | 189,744   |
| Other debt securities                        | 5   | 8,116       | 26       | 31        | 1         | 8,147       | 27        |
| Equity securities and mutual funds           | 4   | 2,790       | 524      | –         | –         | 2,790       | 524       |
| Total available for sale                     | 171 | 1,303,134   | 21,543   | 793,050   | 169,063   | 2,096,184   | 190,606   |
| Total  | 186 | \$1,304,624 | \$21,557 | \$796,041 | \$169,106 | \$2,100,665 | \$190,663 |

Temporarily Impaired Securities as of September 30, 2009  
(In thousands)

|  | Number<br>of<br>Securities | Less Than 12 Months<br>Fair<br>Value | 12 Months<br>Unrealized<br>Loss | 12 Months or Longer<br>Fair<br>Value | Unrealized<br>Loss | Total<br>Fair<br>Value | Total<br>Unrealized<br>Loss |
|--|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------|------------------------|-----------------------------|
| <b>Investment:</b>                                 |                            |                                      |                                 |                                      |                    |                        |                             |
| Municipal and other tax<br>exempt                  | 8                          | \$3,355                              | \$1                             | \$2,363                              | \$14               | \$5,718                | \$15                        |
| <b>Available for sale:</b>                         |                            |                                      |                                 |                                      |                    |                        |                             |
| Municipal and other<br>tax-exempt                  | 14                         | 25,360                               | 220                             | –                                    | –                  | 25,360                 | 220                         |
| <b>Residential<br/>mortgage-backed securities:</b> |                            |                                      |                                 |                                      |                    |                        |                             |
| <b>U. S. agencies:</b>                             |                            |                                      |                                 |                                      |                    |                        |                             |
| FNMA   | 8                          | 152,385                              | 1,012                           | 10,238                               | 1,158              | 162,623                | 2,170                       |
| FHLMC  | 3                          | 76,500                               | 52                              | –                                    | –                  | 76,500                 | 52                          |
| GNMA   | 2                          | 50,995                               | 409                             | –                                    | –                  | 50,995                 | 409                         |
| Other  | 3                          | 16,624                               | 3                               | 39,119                               | 3,479              | 55,743                 | 3,482                       |
| U. S. agencies                                     | 16                         | 296,504                              | 1,476                           | 49,357                               | 4,637              | 345,861                | 6,113                       |
| <b>Private issue:</b>                              |                            |                                      |                                 |                                      |                    |                        |                             |
| Alt-A loans  | 25                         | –                                    | –                               | 233,976                              | 64,762             | 233,976                | 64,762                      |
| Jumbo-A loans                                      | 86                         | 16,755                               | 3,277                           | 864,312                              | 123,448            | 881,067                | 126,725                     |
| Total private issue                                | 111                        | 16,755                               | 3,277                           | 1,098,288                            | 188,210            | 1,115,043              | 191,487                     |
| Total residential<br>mortgage-backed securities    | 127                        | 313,259                              | 4,753                           | 1,147,645                            | 192,847            | 1,460,904              | 197,600                     |
| Other debt securities                              | 3                          | 6,878                                | 21                              | –                                    | –                  | 6,878                  | 21                          |
| Perpetual preferred stock                          | 3                          | –                                    | –                               | 10,162                               | 240                | 10,162                 | 240                         |
| Equity securities and mutual<br>funds              | 7                          | 2,681                                | 524                             | –                                    | –                  | 2,681                  | 524                         |
| Total available for sale                           | 154                        | 348,178                              | 5,518                           | 1,157,807                            | 193,087            | 1,505,985              | 198,605                     |
| <b>Total</b>                                       | <b>162</b>                 | <b>\$351,533</b>                     | <b>\$5,519</b>                  | <b>\$1,160,170</b>                   | <b>\$193,101</b>   | <b>\$1,511,703</b>     | <b>\$198,620</b>            |

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

For debt securities, management determines whether it intends to sell or if it is more-likely-than-not that it will be required to sell impaired securities. This determination considers current and forecasted liquidity requirements, regulatory and capital requirements and securities portfolio management. Based on this evaluation as of September 30, 2010, we do not intend to sell any impaired available for sale securities before fair value recovers to our current amortized cost and it is more-likely-than-not that we will not be required to sell impaired securities before fair value recovers.

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

Impairment of debt securities rated investment grade by all nationally-recognized rating agencies are considered temporary unless specific contrary information is identified. None of the debt securities rated investment grade were considered to be other-than-temporarily impaired at September 30, 2010.

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As of September 30, 2010, the composition of the Company's securities portfolio by the lowest current credit rating assigned by any of the three nationally-recognized rating agencies is as follows (in thousands):

|  | U.S. Govt / GSE (1) |                    | AAA - AA         |                  | A - BBB          |                  | Below Investment Grade |                  | A          |
|--|---------------------|--------------------|------------------|------------------|------------------|------------------|------------------------|------------------|------------|
|  | Amortized Cost      | Fair Value         | Amortized Cost   | Fair Value       | Amortized Cost   | Fair Value       | Amortized Cost         | Fair Value       |            |
| <b>Held-to-Maturity:</b>                       |                     |                    |                  |                  |                  |                  |                        |                  |            |
| <b>Municipal and other tax-exempt</b>          |                     |                    |                  |                  |                  |                  |                        |                  |            |
|  | \$-                 | \$-                | \$62,423         | \$64,543         | \$35,944         | \$37,184         | \$-                    | \$-              | \$-        |
| Other debt securities                          | -                   | -                  | 148,330          | 156,474          | 1,350            | 1,350            | -                      | -                | -          |
| <b>Total</b>                                   | <b>\$-</b>          | <b>\$-</b>         | <b>\$210,753</b> | <b>\$221,017</b> | <b>\$37,294</b>  | <b>\$38,534</b>  | <b>\$-</b>             | <b>\$-</b>       | <b>\$-</b> |
| <b>Available for Sale:</b>                     |                     |                    |                  |                  |                  |                  |                        |                  |            |
| <b>Municipal and other tax-exempt</b>          |                     |                    |                  |                  |                  |                  |                        |                  |            |
|  | \$-                 | \$-                | \$45,148         | \$46,748         | \$7,124          | \$7,228          | \$11,468               | \$11,468         | \$-        |
| <b>Residential mortgage-backed securities:</b> |                     |                    |                  |                  |                  |                  |                        |                  |            |
| <b>U. S. agencies:</b>                         |                     |                    |                  |                  |                  |                  |                        |                  |            |
| FNMA   | 4,647,155           | 4,818,663          | -                | -                | -                | -                | -                      | -                | -          |
| FHLMC  | 2,645,596           | 2,745,549          | -                | -                | -                | -                | -                      | -                | -          |
| GNMA   | 886,910             | 924,861            | -                | -                | -                | -                | -                      | -                | -          |
| Other  | 100,589             | 107,838            | -                | -                | -                | -                | -                      | -                | -          |
| <b>Total U.S. agencies</b>                     | <b>8,280,250</b>    | <b>8,596,911</b>   | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>               | <b>-</b>         | <b>-</b>   |
| <b>Private issue:</b>                          |                     |                    |                  |                  |                  |                  |                        |                  |            |
| Alt-A loans                                    | -                   | -                  | 12,240           | 11,345           | 11,383           | 11,262           | 187,720                | 155,614          | -          |
| Jumbo-A loans                                  | -                   | -                  | 79,865           | 81,003           | 129,663          | 123,418          | 366,024                | 325,830          | -          |
| <b>Total private issue</b>                     | <b>-</b>            | <b>-</b>           | <b>92,105</b>    | <b>92,348</b>    | <b>141,046</b>   | <b>134,680</b>   | <b>553,744</b>         | <b>481,444</b>   | <b>-</b>   |
| <b>Total</b>                                   | <b>8,280,250</b>    | <b>8,596,911</b>   | <b>92,105</b>    | <b>92,348</b>    | <b>141,046</b>   | <b>134,680</b>   | <b>553,744</b>         | <b>481,444</b>   | <b>-</b>   |
| residential mortgage-backed securities         | 8,280,250           | 8,596,911          | 92,105           | 92,348           | 141,046          | 134,680          | 553,744                | 481,444          | -          |
| Other debt securities                          | -                   | -                  | 9,894            | 9,884            | -                | -                | -                      | -                | -          |
| Federal Reserve Bank stock                     | 32,844              | 32,844             | -                | -                | -                | -                | -                      | -                | -          |
| Federal Home Loan Bank stock                   | 77,095              | 77,095             | -                | -                | -                | -                | -                      | -                | -          |
| Perpetual preferred stock                      | -                   | -                  | -                | -                | 19,511           | 22,024           | -                      | -                | -          |
| Equity securities and mutual funds             | -                   | -                  | -                | -                | -                | -                | -                      | -                | -          |
| <b>Total</b>                                   | <b>\$8,390,189</b>  | <b>\$8,706,850</b> | <b>\$147,147</b> | <b>\$148,980</b> | <b>\$167,681</b> | <b>\$163,932</b> | <b>\$565,212</b>       | <b>\$492,912</b> | <b>\$-</b> |

(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.

At September 30, 2010, approximately \$554 million of the portfolio of privately issued residential mortgage-backed securities (based on amortized cost after 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 \$72 million. Ratings by the nationally recognized rating agencies are subjective in nature and accordingly ratings can vary significantly amongst the agencies. Limitations generally expressed by the rating agencies include statements that ratings do not

predict the specific percentage default likelihood over any given period of time and that ratings do not opine on expected loss severity of an obligation should the issuer default. As such, the impairment of securities rated below investment grade by at least one of the nationally-recognized rating agencies was evaluated to determine if we expect not to recover the entire amortized cost basis of the security. This evaluation was based on projections of estimated cash flows based on individual loans underlying each security using current and anticipated increases in unemployment and default rates, decreases in housing prices and estimated liquidation costs at foreclosure. The primary assumptions used in this evaluation were:

- Unemployment rates – increasing to 10% over the next 12 months, dropping to 8% over the following 21 months, and holding at 8% thereafter. Previously we assumed that unemployment rates would increase to 10% over the next 12 months, then decrease to 8% over the following 12 months.
- Housing price depreciation – starting with current depreciated housing prices based on information derived from the Federal Housing Finance Agency data, decreasing by an additional 5% over the next twelve months and holding at that level thereafter.
- Estimated Liquidation Costs – held constant at 25% for Jumbo-A loans and 30% to 35% for Alt-A loans of the then-current depreciated housing price at estimated foreclosure date. Previously we assumed that liquidation costs would be 27% for both Jumbo-A and Alt-A loans.
- Discount rates – estimated cash flows were discounted at rates that range from 5.50% to 6.14% based on our current expected yields.

We also consider the adjusted loan-to-value ratio and credit enhancement coverage ratio as part of the assessment of the cash flows available to recover the amortized cost of the debt securities. Each factor is 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. The adjusted loan-to-value ratio is the original loan-to-value ratio adjusted for market-specific home price depreciation and the credit enhancement on the specific tranche of the security owned by the Company. The home price depreciation is derived from the Federal Housing Finance Agency (“FHFA”). FHFA provides historical information on home price depreciation at both the Metropolitan Statistical Area (“MSA”) and state level. This information is matched to each loan to calculate the home price depreciation. Data is accumulated from the loan level to determine the adjusted loan-to-value ratio for the security as a whole. The Company believes that an adjusted loan-to-value ratio above 85% provides evidence that the collateral value may not provide sufficient cash flows to support our carrying value. The 85% guideline provides for further home price depreciation in future periods beyond our assumptions of current loss trends for residential real estate loans and is consistent with current 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 for our below investment grade private label mortgage-backed securities is as follows (in thousands):

| Adjusted LTV<br>Ratio | Number of<br>Securities | Amortized<br>Cost | Fair Value | Credit Losses Recognized      |          |                         |          |
|-----------------------|-------------------------|-------------------|------------|-------------------------------|----------|-------------------------|----------|
|                       |                         |                   |            | For the three months<br>ended |          | Life-to-date            |          |
|                       |                         |                   |            | September 30, 2010            | Amount   | Number of<br>Securities | Amount   |
| < 70 %                | 4                       | \$22,959          | \$22,927   | –                             | \$–      | –                       | \$–      |
| 70 < 75               | 2                       | 48,479            | 45,797     | –                             | –        | –                       | –        |
| 75 < 80               | 1                       | 12,842            | 13,254     | –                             | –        | –                       | –        |
| 80 < 85               | 8                       | 190,100           | 163,144    | 6                             | 4,703    | 6                       | 9,253    |
| >= 85                 | 13                      | 279,364           | 236,322    | 10                            | 8,589    | 12                      | 36,052   |
| Total                 | 28                      | \$553,744         | \$481,444  | 16                            | \$13,292 | 18                      | \$45,305 |

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

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

Based upon projected declines in expected cash flows from certain private-label residential mortgage-backed securities, the Company recognized \$13.3 million of credit loss impairment in earnings on these securities during the third quarter of 2010. Additional impairment based on the difference between the total unrealized losses and the estimated credit losses on these securities was charged against other comprehensive income, net of deferred taxes. In addition to the other-than-temporary impairment charges on private-label mortgage-backed securities, the Company recognized \$1.0 million in impairment charges on certain below investment grade municipal securities during the third quarter of 2010 based on management's assessment of on-going financial difficulties and recent court developments regarding the municipal authority servicing the bonds. See additional discussion regarding the development of the fair value of the bonds in Note 12.

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

|   | Three Months Ended<br>September 30, |           | Nine Months Ended<br>September 30, |            |
|---|-------------------------------------|-----------|------------------------------------|------------|
|   | 2010                                | 2009      | 2010                               | 2009       |
| OTTI related to perpetual preferred stocks recognized in earnings                             | \$-                                 | \$-       | \$-                                | \$(8,008)  |
| OTTI on debt securities due to change in intent to sell                                       | -                                   | -         | -                                  | (1,263)    |
| OTTI on debt securities not intended for sale   | (4,525)                             | (6,133)   | (25,192)                           | (52,493)   |
| Less: Portion of OTTI recognized in other comprehensive income                                | 9,786                               | (2,752)   | (4,010)                            | (41,839)   |
| OTTI recognized in earnings related to credit losses on debt securities not intended for sale | (14,311)                            | (3,381)   | (21,182)                           | (10,654)   |
| Total OTTI recognized in earnings   | \$(14,311)                          | \$(3,381) | \$(21,182)                         | \$(19,925) |

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

|   | Three Months Ended<br>September 30, |          | Nine Months Ended<br>September 30, |          |
|---|-------------------------------------|----------|------------------------------------|----------|
|   | 2010                                | 2009     | 2010                               | 2009     |
| Balance of credit-related OTTI recognized on available for sale debt, beginning of period   | \$32,013                            | \$7,273  | \$25,142                           | \$-      |
| Additions for credit-related OTTI not previously recognized   | 1,194                               | 1,563    | 2,983                              | 8,557    |
| Additions for increases in credit-related OTTI previously recognized when there is no intent to sell and no requirement to sell before recovery of amortized cost | 13,117                              | 1,818    | 18,199                             | 2,097    |
| Balance of credit-related OTTI recognized on available for sale debt securities, end of period  | \$46,324                            | \$10,654 | \$46,324                           | \$10,654 |

#### Mortgage Trading Securities

Mortgage trading securities are residential 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. The Company has elected to carry these securities at fair value with changes in fair value being recognized in earnings as they occur. Mortgage trading securities were carried at their fair value of \$475 million at September 30, 2010 with a net unrealized gain of \$4.9 million. Mortgage trading securities were carried at their fair value of \$286 million at December 31, 2009, with a net unrealized loss of \$2.1 million and fair value of \$321 million at September 30, 2009 with a net unrealized gain of \$5.0 million. The Company recognized a net gain of \$3.4 million and \$18.4 million on mortgage trading securities for the three and nine months ended September 30, 2010, respectively. The Company recognized a net gain of \$3.6 million and a net loss of \$8.8 million on mortgage trading securities for the three and nine months ended September 30, 2009, respectively.

## 3) Derivatives

The following table summarizes the fair values of derivative contracts recorded as “derivative contracts” assets and liabilities in the balance sheet at September 30, 2010 (in thousands):

|   | Gross Basis           |            |                       |            | Net Basis <sup>2</sup> |             |
|---|-----------------------|------------|-----------------------|------------|------------------------|-------------|
|   | Assets                |            | Liabilities           |            | Assets                 | Liabilities |
|   | Notional <sup>1</sup> | Fair Value | Notional <sup>1</sup> | Fair Value | Fair Value             | Fair Value  |
| Customer Risk Management Programs:                |                       |            |                       |            |                        |             |
| Interest rate contracts                           | \$12,922,733          | \$162,377  | \$12,358,978          | \$159,901  | \$116,257              | \$113,781   |
| Energy contracts                                  | 2,120,942             | 280,623    | 2,377,861             | 280,138    | 101,636                | 101,151     |
| Agricultural contracts                            | 153,551               | 5,609      | 162,927               | 5,500      | 1,715                  | 1,606       |
| Foreign exchange contracts                        | 48,707                | 48,707     | 48,707                | 48,707     | 48,707                 | 48,707      |
| CD options  | 144,289               | 9,151      | 144,289               | 9,151      | 9,151                  | 9,151       |
| Total customer derivatives before cash collateral | 15,390,222            | 506,467    | 15,092,762            | 503,397    | 277,466                | 274,396     |
| Less: cash collateral                             | –                     | –          | –                     | –          | (19,907)               | (56,157)    |
| Total customer derivatives                        | 15,390,222            | 506,467    | 15,092,762            | 503,397    | 257,559                | 218,239     |
| Interest Rate Risk Management Programs            | 124,000               | 8,545      | 2,977                 | 57         | 8,545                  | 57          |
| Total Derivative Contracts                        | \$15,514,222          | \$515,012  | \$15,095,739          | \$503,454  | \$266,104              | \$218,296   |

<sup>1</sup>Notional amounts for commodity contracts are converted into dollar-equivalent amounts based on dollar prices at the inception of the contract.

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

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

Derivative contracts may also require the Company to provide or receive cash margin as collateral for derivative assets and liabilities. Derivative assets and liabilities are reported net of cash margin when certain conditions are met. As of September 30, 2010, a decrease in credit rating from A1 to below investment grade would increase our obligation to post cash margin on existing contracts by approximately \$58 million.

The following table summarizes the fair values of derivative contracts recorded as “derivative contracts” assets and liabilities in the balance sheet at December 31, 2009 (in thousands):

|                                      | Gross Basis           |            |                       |            | Net Basis <sup>2</sup> |             |
|--------------------------------------|-----------------------|------------|-----------------------|------------|------------------------|-------------|
|                                      | Assets                |            | Liabilities           |            | Assets                 | Liabilities |
|                                      | Notional <sup>1</sup> | Fair Value | Notional <sup>1</sup> | Fair Value | Fair Value             | Fair Value  |
| Customer Risk Management Programs:   |                       |            |                       |            |                        |             |
| Interest rate contracts <sup>3</sup> | \$7,392,393           | \$156,261  | \$7,294,028           | \$161,225  | \$110,449              | \$115,413   |
| Energy contracts                     | 3,588,767             | 454,978    | 3,719,796             | 450,614    | 174,319                | 176,983     |
| Agricultural contracts               | 23,196                | 1,004      | 31,715                | 875        | 1,004                  | 875         |

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|  |               |            |               |            |            |            |
|--|---------------|------------|---------------|------------|------------|------------|
| Foreign exchange contracts                           | 63,942        | 64,182     | 64,182        | 64,182     | 64,182     | 64,182     |
| CD options   | 66,248        | 5,493      | 66,248        | 5,493      | 5,493      | 5,493      |
| Total customer derivatives<br>before cash collateral | 11,134,546    | 681,918    | 11,175,969    | 682,389    | 355,447    | 362,946    |
| Less: cash collateral                                | –             | –          | –             | –          | (13,229 )  | (54,586 )  |
| Total customer derivatives                           | 11,134,546    | 681,918    | 11,175,969    | 682,389    | 342,218    | 308,360    |
| Interest Rate Risk                                   |               |            |               |            |            |            |
| Management Programs                                  | 40,000        | 1,564      | –             | –          | 1,564      | –          |
| Total Derivative Contracts                           | \$ 11,174,546 | \$ 683,482 | \$ 11,175,969 | \$ 682,389 | \$ 343,782 | \$ 308,360 |

<sup>1</sup>Notional amounts for commodity contracts are converted into dollar-equivalent amounts based on dollar prices at the inception of the contract.

- Derivative contracts are recorded on a net basis in the balance sheet in recognition of master netting agreements that enable the Company to settle all derivative positions with a given counterparty in total and to offset the net derivative position with the related cash collateral.
- Gross notional and gross fair value amounts have been revised to conform with current period presentation. The net fair values of assets and liabilities were not affected.

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

|   | Gross Basis           |            |                       |            | Net Basis <sup>2</sup> |             |
|---|-----------------------|------------|-----------------------|------------|------------------------|-------------|
|   | Assets                |            | Liabilities           |            | Assets                 | Liabilities |
|   | Notional <sup>1</sup> | Fair Value | Notional <sup>1</sup> | Fair Value | Fair Value             | Fair Value  |
| Customer Risk Management Programs:                |                       |            |                       |            |                        |             |
| Interest rate contracts                           | \$7,202,515           | \$195,387  | \$7,210,220           | \$200,770  | \$136,625              | \$142,008   |
| Energy contracts                                  | 4,091,495             | 611,327    | 4,304,136             | 610,802    | 215,144                | 214,619     |
| Agricultural contracts                            | 57,062                | 1,650      | 45,192                | 1,522      | 1,650                  | 1,522       |
| Foreign exchange contracts                        | 54,068                | 54,160     | 54,160                | 54,160     | 54,160                 | 54,160      |
| CD options  | 55,938                | 4,888      | 55,938                | 4,888      | 4,888                  | 4,888       |
| Total customer derivatives before cash collateral | 11,461,078            | 867,412    | 11,669,646            | 872,142    | 412,467                | 417,197     |
| Less: cash collateral                             | –                     | –          | –                     | –          | (17,089 )              | (22,000 )   |
| Total customer derivatives                        | 11,461,078            | 867,412    | 11,669,646            | 872,142    | 395,378                | 395,197     |
| Interest Rate Risk Management Programs            |                       |            |                       |            |                        |             |
| Total Derivative Contracts                        | \$11,559,619          | \$869,144  | \$11,669,646          | \$872,142  | \$397,110              | \$395,197   |

<sup>1</sup>Notional amounts for commodity contracts are converted into dollar-equivalent amounts based on dollar prices at the inception of the contract.

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

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

|  | Three Months ended<br>September 30, 2010 |   | Three Months ended<br>September 30, 2009 |   |
|--|--|---|--|---|
|  | Brokerage<br>and<br>Trading<br>Revenue   | Gain<br>(Loss)<br>on<br>Derivatives,<br>Net | Brokerage<br>and<br>Trading<br>Revenue   | Gain<br>(Loss)<br>on<br>Derivatives,<br>Net |
| Customer Risk Management Programs:     |  |   |  |   |
| Interest rate contracts                | \$ 1,152                                 | \$ –  | \$ (197 )                                | \$ –  |
| Energy contracts                       | 2,373                                    | –   | 1,313                                    | –   |
| Agricultural contracts                 | 153                                      | –   | 196                                      | –   |
| Foreign exchange contracts             | 159                                      | –   | 197                                      | –   |
| CD options                             | –  | –   | –  | –   |
| Total Customer Derivatives             | 3,837                                    | –   | 1,509                                    | –   |
| Interest Rate Risk Management Programs |  |   |  |   |
| Total Derivative Contracts             | \$ 3,837                                 | \$ 4,472                                    | \$ 1,509                                 | \$ (2,242 )                                 |



|  | Nine Months ended<br>September 30, 2010 |   | Nine Months ended<br>September 30, 2009 |   |
|--|---|---|---|---|
|  | Brokerage<br>and<br>Trading<br>Revenue  | Gain<br>(Loss)<br>on<br>Derivatives,<br>Net | Brokerage<br>and<br>Trading<br>Revenue  | Gain<br>(Loss)<br>on<br>Derivatives,<br>Net |
| Customer Risk Management Programs:     |   |   |   |   |
| Interest rate contracts                | \$ 1,915                                | \$ –  | \$ 1,482                                | \$ –  |
| Energy contracts                       | 6,398                                   | –   | 2,627                                   | –   |
| Agricultural contracts                 | 602                                     | –   | 529                                     | –   |
| Foreign exchange contracts             | 492                                     | –   | 371                                     | –   |
| CD options                             | –                                       | –   | –                                       | –   |
| Total Customer Derivatives             | 9,407                                   | –   | 5,009                                   | –   |
| Interest Rate Risk Management Programs |   |   |   |   |
| Programs                               | –                                       | 11,148                                      | –                                       | (10,846)                                    |
| Total Derivative Contracts             | \$ 9,407                                | \$ 11,148                                   | \$ 5,009                                | \$ (10,846)                                 |

#### Customer Risk Management Programs

BOK Financial offers programs to permit its customers to manage various risks, including fluctuations in energy, cattle and other agricultural products, interest rates and foreign exchange rates, or to take positions in derivative contracts. Derivative contracts are executed between the customers and BOK Financial. Offsetting contracts are executed between BOK Financial and other selected counterparties to minimize its risk of changes in commodity prices, interest rates or foreign exchange rates. The counterparty contracts are identical to customer contracts, except for a fixed pricing spread or fee paid to BOK Financial as profit and compensation for administrative costs and credit risk which is recognized over the life of the contracts and included in other operating revenue – brokerage and trading revenue.

## Interest Rate Risk Management Programs

BOK Financial uses interest rate swaps in managing its interest rate sensitivity and as part of its economic hedge of the change in the fair value of mortgage servicing rights. Interest rate swaps are generally used to reduce overall asset sensitivity by converting specific fixed rate liabilities to floating rate based on LIBOR. Net interest revenue was increased by \$1.1 million and \$3.2 million for the three months ended September 30, 2010 and 2009, respectively, from the settlement of amounts receivable or payable on interest rate swaps. As of September 30, 2010, BOK Financial had interest rate swaps with a notional value of \$94 million used as part of the economic hedge of the change in the fair value of the mortgage servicing rights.

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

The notional and the fair value included in residential mortgage loans held for sale on the balance sheet related to derivative contracts not designated as hedging instruments related to mortgage loan commitments and forward contract sales were (in thousands):

|                           | September 30, 2010 |            | December 31, 2009 |            | September 30, 2009 |            |
|---------------------------|--------------------|------------|-------------------|------------|--------------------|------------|
|                           | Notional           | Fair Value | Notional          | Fair Value | Notional           | Fair Value |
| Mortgage loan commitments | \$325,562          | \$8,722    | \$117,716         | \$496      | \$159,598          | \$3,481    |
| Forward sales contracts   | 630,846            | (2,417 )   | 333,218           | 3,626      | 310,799            | (3,875 )   |
|                           |                    | \$6,305    |                   | \$4,122    |                    | \$(394 )   |

The related gain (loss) included in mortgage banking revenue in the Consolidated Statement of Earnings (Unaudited) related to the changes in the fair value of derivative contracts not designated as hedging instruments related to mortgage loan commitments and forward contract sales were (in thousands):

|                           | Mortgage Banking Revenue          |           |                                  |          |
|---------------------------|-----------------------------------|-----------|----------------------------------|----------|
|                           | Three Months Ended Sept. 30, 2010 |           | Nine Months Ended Sept. 30, 2009 |          |
| Mortgage loan commitments | \$ 3,184                          | \$ 1,634  | \$ 8,226                         | \$ 1,312 |
| Forward sales contracts   | 5,040                             | (8,960)   | (6,043)                          | (1,712)  |
|                           | \$ 8,224                          | \$(7,326) | \$ 2,183                         | \$(400 ) |

## (4) Impaired Loans

## Impaired Loans

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

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|  | September<br>30,<br>2010 | December<br>31,<br>2009 | September<br>30,<br>2009 |
|--|--------------------------|-------------------------|--------------------------|
| Investment in impaired loans<br>(all of which were on a<br>nonaccrual basis) | \$ 242,969               | \$ 316,666              | \$ 357,954               |
| Loans with specific reserves for<br>loss                                     | 170,123                  | 204,076                 | 247,309                  |
| Specific reserve balance   | 12,145                   | 36,168                  | 37,739                   |
| No specific related reserve for<br>loss                                      | 72,846                   | 112,590                 | 110,645                  |
| Average recorded investment in<br>impaired loans                             | 290,909                  | 327,935                 | 316,246                  |

Approximately \$9.0 million of losses on impaired loans with no related specific reserves at September 30, 2010 were charged off against the allowance for loan losses in the third quarter of 2010. Interest income recognized on impaired loans was not significant.

## (5) Reserve for Credit Losses

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

|                           | Three Months Ended<br>September 30, |            | Nine Months Ended<br>September 30, |            |
|---------------------------|-------------------------------------|------------|------------------------------------|------------|
|                           | 2010                                | 2009       | 2010                               | 2009       |
| Beginning balance         | \$ 299,489                          | \$ 263,309 | \$ 292,095                         | \$ 233,236 |
| Provision for loan losses | 19,800                              | 53,580     | 97,226                             | 150,461    |
| Loans charged off         | (25,339 )                           | (38,581 )  | (103,835 )                         | (110,525 ) |
| Recoveries                | 5,204                               | 2,594      | 13,668                             | 7,730      |
| Ending balance            | \$ 299,154                          | \$ 280,902 | \$ 299,154                         | \$ 280,902 |

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

|   | Three Months Ended<br>September 30, |           | Nine Months Ended<br>September 30, |            |
|---|-------------------------------------|-----------|------------------------------------|------------|
|   | 2010                                | 2009      | 2010                               | 2009       |
| Beginning balance                             | \$ 15,102                           | \$ 10,445 | \$ 14,388                          | \$ 15,166  |
| Provision for off-balance sheet credit losses | 200                                 | 1,540     | 914                                | (3,181 )   |
| Ending balance                                | \$ 15,302                           | \$ 11,985 | \$ 15,302                          | \$ 11,985  |
| Provision for credit losses                   | \$ 20,000                           | \$ 55,120 | \$ 98,140                          | \$ 147,280 |

## (6) Mortgage Banking Activities

BOK Financial transfers financial assets primarily to government sponsored agencies as part of its mortgage banking activities. Transfers are recorded as sales for financial reporting purposes when the criteria for surrender of control are met. BOK Financial may retain the right to service the assets and may incur a recourse obligation. The Company may also retain a residual interest in excess cash flows generated by the assets. All assets obtained, including cash, servicing rights and residual interests, and all liabilities incurred, including recourse obligations, are initially recognized at fair value, all assets transferred are derecognized and any gain or loss on the sale is recognized in earnings. Subsequently, servicing rights and residual interests are carried at fair value with changes in fair value recognized in earnings as they occur. A separate reserve is maintained as part of other liabilities for the Company's credit risk on loans transferred subject to a recourse obligation.

Residential mortgage loans held for sale totaled \$317 million and \$172 million and outstanding mortgage loan commitments totaled \$423 million and \$216 million at September 30, 2010 and 2009, respectively. Residential mortgage loans held for sale totaled \$218 million and outstanding mortgage loan commitments totaled \$145 million at December 31, 2009. 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 September 30, 2010, the unrealized loss recognized on forward sales contracts used to manage the mortgage pipeline interest rate risk was approximately \$2.4 million. Gains on mortgage loans sold, including capitalized mortgage servicing rights, totaled \$24.1 million and \$7.2 million for the nine months ended September 30, 2010 and 2009, respectively.

Mortgage servicing rights may be purchased or may be recognized when mortgage loans are originated pursuant to an existing plan for sale or, if no such plan exists, when the mortgage loans are sold. Originated mortgage servicing rights are initially recognized at fair value. Purchased servicing rights are initially recognized at purchase price. All mortgage servicing rights are subsequently carried at fair value. Changes in the fair value are recognized in earnings as they occur.

During the first quarter of 2010, the Company purchased the rights to service approximately 34 thousand residential mortgage loans with an outstanding principal balance of \$4.2 billion. The loans to be serviced are primarily concentrated in New Mexico and predominantly held by Fannie Mae, Ginnie Mae and Freddie Mac. The cash purchase price was \$32 million. The acquisition date fair value of the servicing rights was approximately \$43.7 million based upon independent valuation analyses which were further supported by assumptions and models the Company regularly uses to value its existing portfolio of servicing rights. The \$11.8 million difference between the purchase price and acquisition date fair value was directly attributable to the seller's distressed financial condition.

BOK Financial owned the rights to service 99,986 mortgage loans with outstanding principal balances of \$12.0 billion, including \$813 million serviced for affiliates at September 30, 2010, and owned rights to service 62,860 mortgage loans with outstanding principal balances of \$7.1 billion, including \$832 million serviced for affiliates at September 30, 2009. The weighted average interest rate and remaining term was 5.55% and 290 months, respectively, at September 30, 2010, and 5.74% and 289 months, respectively, at September 30, 2009.

For the three months and nine months ended September 30, 2010, mortgage banking revenue includes servicing fee income and late charges on loans serviced for others of \$10.2 million and \$28.1 million, respectively. For the three months and nine months ended September 30, 2009, mortgage banking revenue includes servicing fee income and late charges on loans serviced for others of \$5.2 million and \$14.6 million, respectively.



Activity in capitalized mortgage servicing rights during the three months ending September 30, 2010 is as follows (in thousands):

|  | Capitalized Mortgage Servicing Rights |            |           |
|--|---------------------------------------|------------|-----------|
|  | Purchased                             | Originated | Total     |
| Balance at June 30, 2010                   | \$ 37,446                             | \$ 61,496  | \$ 98,942 |
| Additions, net                             | –                                     | 7,716      | 7,716     |
| Change in fair value due to loan runoff    | (2,062 )                              | (2,339 )   | (4,401 )  |
| Change in fair value due to market changes | (4,022 )                              | (11,902)   | (15,924)  |
| Balance at September 30, 2010              | \$ 31,362                             | \$ 54,971  | \$ 86,333 |

Activity in capitalized mortgage servicing rights during the nine months ending September 30, 2010 is as follows (in thousands):

|  | Capitalized Mortgage Servicing Rights |            |           |
|--|---------------------------------------|------------|-----------|
|  | Purchased                             | Originated | Total     |
| Balance at December 31, 2009               | \$ 7,828                              | \$ 65,996  | \$ 73,824 |
| Additions, net                             | 31,892                                | 18,078     | 49,970    |
| Change in fair value due to loan runoff    | (4,703 )                              | (11,308)   | (16,011)  |
| Change in fair value due to market changes | (3,655 ) (1)                          | (17,795)   | (21,450)  |
| Balance at September 30, 2010              | \$ 31,362                             | \$ 54,971  | \$ 86,333 |

(1) Includes initial pre-tax gain of \$11.8 million on the purchase of mortgage servicing rights.

Activity in capitalized mortgage servicing rights during the three months ending September 30, 2009 is as follows (in thousands):

|  | Capitalized Mortgage Servicing Rights |            |           |
|--|---------------------------------------|------------|-----------|
|  | Purchased                             | Originated | Total     |
| Balance at June 30, 2009                   | \$ 7,969                              | \$ 59,444  | \$ 67,413 |
| Additions, net                             | –                                     | 7,431      | 7,431     |
| Change in fair value due to loan runoff    | (520 )                                | (4,654 )   | (5,174 )  |
| Change in fair value due to market changes | (939 )                                | (2,042 )   | (2,981 )  |
| Balance at September 30, 2009              | \$ 6,510                              | \$ 60,179  | \$ 66,689 |

Activity in capitalized mortgage servicing rights during the nine months ending September 30, 2009 is as follows (in thousands):

|  | Capitalized Mortgage Servicing Rights |            |           |
|--|---------------------------------------|------------|-----------|
|  | Purchased                             | Originated | Total     |
| Balance at December 31, 2008               | \$ 6,353                              | \$ 36,399  | \$ 42,752 |
| Additions, net                             | –                                     | 32,699     | 32,699    |
| Change in fair value due to loan runoff    | (1,984 )                              | (13,617)   | (15,601)  |
| Change in fair value due to market changes | 2,141                                 | 4,698      | 6,839     |
| Balance at September 30, 2009              | \$ 6,510                              | \$ 60,179  | \$ 66,689 |

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.

There is no active market for trading in mortgage servicing rights after origination. Fair value is determined by discounting the projected net cash flows. Significant assumptions considered significant unobservable inputs used to determine fair value are:

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|   | September<br>30, 2010 | December<br>31, 2009 | September<br>30, 2009 |
|---|-----------------------|----------------------|-----------------------|
| Discount rate – risk-free rate plus a market premium  | 10.4 %                | 11.2 %               | 10.3 %                |
| Prepayment rate – based upon loan interest rate, original term and loan type                  | 5.2% - 56.0 %         | 8.1% - 26.9 %        | 8.9% - 25.0 %         |
| Loan servicing costs – annually per loan based upon loan type                                 | \$ 35 - \$ 60         | \$ 43 - \$ 66        | \$ 43 - \$ 66         |
| Escrow earnings rate – indexed to rates paid on deposit accounts with comparable average life | 1.51 %                | 2.98 %               | 2.65 %                |

The Company is exposed to interest rate risk as mortgage interest rates directly affect the prepayment speeds used in valuing our mortgage servicing rights, which is partially managed through forward sales of mortgage-backed securities and forward sales contracts. A separate third party model is used to estimate prepayment speeds based on interest rates, housing turnover rates, estimated loan curtailment, anticipated defaults and other relevant factors. The prepayment model is updated daily for changes in market conditions and adjusted to better correlate with actual performance of BOK Financial's servicing portfolio. At least annually, we request estimates of fair value from outside sources to corroborate the results of the valuation model. There have been no changes in the techniques used to value mortgage servicing rights.

Stratification of the mortgage loan servicing portfolio and outstanding principal of loans serviced by interest rate at September 30, 2010 follows (in thousands):

|   | < 4.50%   | 4.50% -<br>5.49 % | 5.50% -<br>6.49 % | > 6.49%      | Total         |
|---|-----------|-------------------|-------------------|--------------|---------------|
| Fair value                                  | \$4,230   | \$47,140          | \$25,393          | \$ 9,570     | \$ 86,333     |
| Outstanding principal of loans serviced (1) | \$484,277 | \$5,092,997       | \$4,013,923       | \$ 1,599,605 | \$ 11,190,802 |

(1) Excludes outstanding principal of \$813 million for loans serviced for affiliates.

The interest rate sensitivity of our mortgage servicing rights and securities and derivative contracts held as an economic hedge is modeled over a range of +/- 50 basis points. At September 30, 2010, a 50 basis point increase in mortgage interest rates is expected to increase the fair value of our mortgage servicing rights, net of economic hedging by \$924 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 \$3.3 million. In our model, changes in the value of our servicing rights due to changes in interest rates assume stable relationships between mortgage rates and 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.

#### (7) Employee Benefits

BOK Financial has sponsored a defined benefit Pension Plan for all employees who satisfied certain age and service requirements. Pension Plan benefits were curtailed as of April 1, 2006. Periodic pension expense was \$778 thousand and \$600 thousand for the three months ended September 30, 2010 and 2009, respectively and \$2.3 million and \$1.8 million during the nine months ended September 30, 2010 and 2009, respectively. The Company made no Pension Plan contributions during the nine months ended September 30, 2010 and 2009.

Management has been advised that the maximum allowable contribution for 2010 is \$22.6 million. The minimum required contribution for 2010 is \$245 thousand.

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(8) Commitments and Contingent Liabilities

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

In September and October of this year, Bank of Oklahoma, National Association was named as a defendant in three putative class actions alleging that the manner in which the bank posted charges to its consumer demand deposit accounts breached an implied obligation of good faith and fair dealing and violates the Oklahoma Consumer Protection Act. The actions also allege that the manner in which the bank posted charges to its consumer demand deposit accounts is unconscionable, constitutes conversion, and unjustly enriches the bank. Two of the actions are pending in the District Court of Tulsa County. The third action is pending in the United States District Court for the Western District of Oklahoma. Each of the three actions seeks to establish a class consisting of all consumer customers of the bank. The amount claimed by the plaintiffs has not been determined, but could be material. The federal lawsuit, while initially filed in the United States District Court for the Western District of Oklahoma, has been conditionally transferred for pretrial purposes to multi-district litigation in the Southern District of Florida in which numerous other putative class actions regarding overdraft fees are pending against financial institutions. The consolidation in the multi-district litigation is for pre-trial discovery and motion proceedings. The three actions are pending on motions to dismiss the complaints. Management has been advised by counsel that, in its opinion, the Company's overdraft practices meet all requirements of law and the Company has substantial defenses to the claims. Based on currently available information, management anticipates the claims will be resolved without material loss to the Company.

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. At September 30, 2010, the Company recognized a \$3.3 million contingent liability for its share of losses under this plan. Visa funded an escrow account to cover litigation claims, including covered litigation losses under the retrospective responsibility plan. At September 30, 2010, the Company recognized a \$2.2 million receivable for its proportionate share of this escrow account.

BOK Financial currently owns 251,837 Visa Class B shares which 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 0.5102 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. No value may be assigned until the Class B shares are converted into a known number of Class A shares.

At September 30, 2010, Cavanal Hill Funds' assets included \$806 million of U.S. Treasury, \$878 million of cash management and \$419 million of tax-free money market funds. Assets of these funds consist of highly-rated, short-term obligations of the U.S. Treasury, corporate issuers and U.S. states and municipalities. The net asset value of units in these funds was \$1.00 at September 30, 2010. 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. No assets were purchased from the funds in 2010 or 2009.

Cottonwood Valley Ventures, Inc. ("CVV, Inc."), an indirectly wholly-owned subsidiary of BOK Financial, is being audited by the Oklahoma Tax Commission ("OTC") for tax years 2007 through 2009. CVV, Inc. is a qualified venture

capital company under the applicable Oklahoma statute. As authorized by the statute, CVV, Inc. generates transferable Oklahoma state income tax credits by providing direct debt financing to private companies which qualify as statutory Oklahoma business ventures. Due to certain statutory limitations on utilization of such credits, CVV, Inc. must sell the majority of the credits to provide the economic incentives provided for by the statute. In the event that the OTC disallowed any of the credits, CVV, Inc. would be required to indemnify purchasers for the tax credits disallowed. Management does not anticipate that this audit will have a material adverse impact to the financial statements.

In the ordinary course of business, BOK Financial and its subsidiaries are subject to legal actions and complaints.

Management believes, based upon the opinion of counsel, that the actions and liability or loss, if any, resulting from the final outcomes of the proceedings, will not be material in the aggregate.

#### (9) Shareholders' Equity

On October 26, 2010, the Board of Directors of BOK Financial Corporation approved a \$0.25 per share quarterly common stock dividend. The quarterly dividend will be payable on December 1, 2010 to shareholders of record on November 17, 2010.

Dividends declared during the three and nine month periods ended September 30, 2010 were \$0.25 per share and \$0.74 per share, respectively. Dividends declared during the three and nine months ended September 30, 2009 were \$0.24 per share and \$0.705 per share, respectively.

#### Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) ("AOCI") includes unrealized gains and losses on available for sale securities and accumulated gains or losses on effective cash flow hedges, including hedges of anticipated transactions. Gains and losses in AOCI are net of deferred income taxes. Accumulated losses on the rate lock hedge of the 2005 subordinated debenture issuance will be reclassified into income over the ten-year life of the debt. Unrealized losses on employee benefit plans will be reclassified into income as pension plan costs are recognized over the remaining service period of plan participants.

|  | Unrealized<br>Gain (Loss)<br>On<br>Available<br>For Sale<br>Securities | Other<br>Than<br>Temporary<br>Impairment<br>Losses | Accumulated<br>(Loss) on<br>Effective<br>Cash Flow<br>Hedges | Unrealized<br>(Loss)<br>On<br>Employee<br>Benefit<br>Plans | Total        |
|--|--|--|--|--|--------------|
| Balance at December 31, 2008   | \$(204,648 )   | \$-  | \$ (1,199 )  | \$(17,039 )  | \$(222,886 ) |
| Unrealized gains on securities   | 381,772  | 13,885   | -  | -  | 395,657      |
| Other-than-temporary impairment losses on securities                               | -  | (41,839 )  | -  | -  | (41,839 )    |
| Tax benefit (expense) on unrealized gains (losses)                                 | (128,568 )   | 9,418  | -  | -  | (119,150 )   |
| Reclassification adjustment for (gains) losses realized and included in net income | (19,089 )  | -  | 169  | -  | (18,920 )    |
| Reclassification adjustment for tax expense (benefit) on realized gains (losses)   | 6,441  | -  | (66 )  | -  | 6,375        |
| Balance at September 30, 2009  | \$35,908   | \$(18,536 )  | \$ (1,096 )  | \$(17,039 )  | \$(763 )     |
| Balance at December 31, 2009   | \$59,772   | \$(53,000 )  | \$ (1,039 )  | \$(16,473 )  | \$(10,740 )  |
| Unrealized gains on securities   | 240,317  | 26,818   | -  | -  | 267,135      |
| Other-than-temporary impairment losses on securities                               | -  | (4,010 )   | -  | -  | (4,010 )     |
| Unrealized gains on employee benefit plans   | -  | -  | -  | 373  | 373          |
| Tax expense on unrealized gains  | (92,606 )  | (8,293 )   | -  | (145 )   | (101,044 )   |
|  | (20,929 )  | -  | 188  | -  | (20,741 )    |

|  |           |           |           |             |             |
|--|-----------|-----------|-----------|-------------|-------------|
| Reclassification adjustment for (gains) losses realized and included in net income |           |           |           |             |             |
| Reclassification adjustment for tax expense (benefit) on realized gains (losses)   | 8,141     | –         | (73       | ) –         | 8,068       |
| Balance at September 30, 2010  | \$194,695 | \$(38,485 | ) \$ (924 | ) \$(16,245 | ) \$139,041 |

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## (10) Earnings Per Share

(In thousands, except share and per share data)

|  | Three Months Ended<br>September 30, |            | Nine Months Ended<br>September 30, |            |
|--|-------------------------------------|------------|------------------------------------|------------|
|  | 2010                                | 2009       | 2010                               | 2009       |
| Numerator:   |                                     |            |                                    |            |
| Net income   | \$64,267                            | \$50,660   | \$187,922                          | \$157,807  |
| Earnings allocated to participating securities   | (436 )                              | (222 )     | (1,203 )                           | (637 )     |
| Numerator for basic earnings per share – income available to common shareholders           | 63,831                              | 50,438     | 186,719                            | 157,170    |
| Effect of reallocating undistributed earnings of participating securities                  | 1                                   | –          | 3                                  | 1          |
| Numerator for diluted earnings per share – income available to common shareholders         | \$63,832                            | \$50,438   | \$186,722                          | \$157,171  |
| Denominator:   |                                     |            |                                    |            |
| Weighted average shares outstanding  | 68,087,122                          | 67,689,450 | 68,041,442                         | 67,625,011 |
| Less: Participating securities included in weighted average shares outstanding             | (461,744 )                          | (297,391 ) | (433,165 )                         | (273,575 ) |
| Denominator for basic earnings per common share  | 67,625,378                          | 67,392,059 | 67,608,277                         | 67,351,436 |
| Dilutive effect of employee stock compensation plans (1)                                   | 139,966                             | 121,641    | 204,159                            | 98,736     |
| Denominator for diluted earnings per common share  | 67,765,344                          | 67,513,700 | 67,812,436                         | 67,450,172 |
| Basic earnings per share   | \$0.94                              | \$0.75     | \$2.76                             | \$2.33     |
| Diluted earnings per share   | \$0.94                              | \$0.75     | \$2.75                             | \$2.33     |
| (1)Excludes employee stock options with exercise prices greater than current market price. | 2,357,075                           | 2,461,878  | 1,464,694                          | 2,860,087  |

## (11) Reportable Segments

Reportable segments reconciliation to the Consolidated Financial Statements for the three months ended September 30, 2010 is as follows (in thousands):

|  | Commercial   | Consumer     | Wealth<br>Management | Tax-Equivalent<br>Adjustment | Funds<br>Management<br>and Other | BOK<br>Financial<br>Consolidated |
|--|--------------|--------------|----------------------|------------------------------|----------------------------------|----------------------------------|
| NIR (expense) from external sources                  | \$ 87,094    | \$ 22,887    | \$ 7,533             | \$ 2,152                     | \$ 61,049                        | \$ 180,715                       |
| NIR (expense) from internal sources                  | (11,942 )    | 12,097       | 3,178                | –                            | (3,333 )                         | –                                |
| Total net interest revenue                           | 75,152       | 34,984       | 10,711               | 2,152                        | 57,716                           | 180,715                          |
| Other operating revenue                              | 32,999       | 57,342       | 42,145               | –                            | 3,119                            | 135,605                          |
| Operating expense                                    | 52,170       | 60,012       | 45,985               | –                            | 25,459                           | 183,626                          |
| Provision for credit losses                          | 9,716        | 6,583        | 3,834                | –                            | (133 )                           | 20,000                           |
| Decrease in fair value of mortgage service rights    | –            | (15,924 )    | –                    | –                            | –                                | (15,924 )                        |
| Gain (loss) on financial instruments, net            | –            | 8,045        | 266                  | –                            | (6,243 )                         | 2,068                            |
| Loss on repossessed assets, net                      | (1,283 )     | (763 )       | –                    | –                            | (3,569 )                         | (5,615 )                         |
| Income before taxes                                  | 44,982       | 17,089       | 3,303                | 2,152                        | 25,697                           | 93,223                           |
| Federal and state income tax                         | 17,498       | 6,648        | 1,285                | –                            | 4,504                            | 29,935                           |
| Net income   | 27,484       | 10,441       | 2,018                | 2,152                        | 21,193                           | 63,288                           |
| Net income attributable to non-controlling interest  | –            | –            | –                    | –                            | (979 )                           | (979 )                           |
| Net income attributable to BOK Financial Corporation | \$ 27,484    | \$ 10,441    | \$ 2,018             | \$ 2,152                     | \$ 22,172                        | \$ 64,267                        |
| Average assets                                       | \$ 8,912,840 | \$ 6,304,499 | \$ 3,593,863         | –                            | \$ 5,381,088                     | \$ 24,192,290                    |

Reportable segments reconciliation to the Consolidated Financial Statements for the nine months ended September 30, 2010 is as follows (in thousands):

|                                     | Commercial | Consumer  | Wealth<br>Management | Tax-Equivalent<br>Adjustment | Funds<br>Management<br>and Other | BOK<br>Financial<br>Consolidated |
|-------------------------------------|------------|-----------|----------------------|------------------------------|----------------------------------|----------------------------------|
| NIR (expense) from external sources | \$ 257,120 | \$ 64,058 | \$ 24,505            | \$ 6,895                     | \$ 192,824                       | \$ 545,402                       |
| NIR (expense) from internal sources | (37,110 )  | 35,409    | 8,590                | –                            | (6,889 )                         | –                                |
| Total net interest revenue          | 220,010    | 99,467    | 33,095               | 6,895                        | 185,935                          | 545,402                          |
| Other operating revenue             | 96,461     | 151,051   | 121,485              | –                            | 10,246                           | 379,243                          |



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|  |              |              |              |          |              |               |
|--|--------------|--------------|--------------|----------|--------------|---------------|
| Operating expense                                    | 153,301      | 178,215      | 130,886      | –        | 69,699       | 532,101       |
| Provision for credit losses                          | 60,572       | 19,859       | 9,734        | –        | 7,975        | 98,140        |
| Decrease in fair value of mortgage service rights    | –            | (21,450 )    | –            | –        | –            | (21,450 )     |
| Gain on financial instruments, net                   | –            | 30,265       | 282          | –        | (795 )       | 29,752        |
| Gain (loss) on repossessed assets, net               | (17,046 )    | (642 )       | –            | –        | (3,570 )     | (21,258 )     |
| Income before taxes                                  | 85,552       | 60,617       | 14,242       | 6,895    | 114,142      | 281,448       |
| Federal and state income tax                         | 33,280       | 23,580       | 5,540        | –        | 29,860       | 92,260        |
| Net income   | 52,272       | 37,037       | 8,702        | 6,895    | 84,282       | 189,188       |
| Net income attributable to non-controlling interest  | –            | –            | –            | –        | 1,266        | 1,266         |
| Net income attributable to BOK Financial Corporation | \$ 52,272    | \$ 37,037    | \$ 8,702     | \$ 6,895 | \$ 83,016    | \$ 187,922    |
| Average assets                                       | \$ 9,027,723 | \$ 6,221,464 | \$ 3,413,492 | –        | \$ 5,032,576 | \$ 23,695,255 |

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

|  | Commercial   | Consumer     | Wealth<br>Management | Tax-Equivalent<br>Adjustment | Funds<br>Management<br>and Other | BOK<br>Financial<br>Consolidated |
|--|--------------|--------------|----------------------|------------------------------|----------------------------------|----------------------------------|
| NIR (expense) from external sources                  | \$ 87,067    | \$ 15,064    | \$ 7,774             | \$ 1,982                     | \$ 68,574                        | \$ 180,461                       |
| NIR (expense) from internal sources                  | (15,219 )    | 14,892       | 2,026                | —                            | (1,699 )                         | —                                |
| Total net interest revenue                           | 71,848       | 29,956       | 9,800                | 1,982                        | 66,875                           | 180,461                          |
| Other operating revenue                              | 32,789       | 43,578       | 40,847               | —                            | 5,965                            | 123,179                          |
| Operating expense                                    | 56,697       | 63,755       | 44,571               | —                            | 8,401                            | 173,424                          |
| Provision for credit losses                          | 27,819       | 7,079        | 1,089                | —                            | 19,133                           | 55,120                           |
| Decrease in fair value of mortgage service rights    | —            | (2,981 )     | —                    | —                            | —                                | (2,981 )                         |
| Gain (loss) on financial instruments, net            | —            | 3,560        | —                    | —                            | 5,031                            | 8,591                            |
| Gain (loss) on repossessed assets, net               | (3,020 )     | 693          | —                    | —                            | —                                | (2,327 )                         |
| Income before taxes                                  | 17,101       | 3,972        | 4,987                | 1,982                        | 50,337                           | 78,379                           |
| Federal and state income tax                         | 6,652        | 1,545        | 1,940                | —                            | 14,635                           | 24,772                           |
| Net income   | 10,449       | 2,427        | 3,047                | 1,982                        | 35,702                           | 53,607                           |
| Net income attributable to non-controlling interest  | —            | —            | —                    | —                            | 2,947                            | 2,947                            |
| Net income attributable to BOK Financial Corporation | \$ 10,449    | \$ 2,427     | \$ 3,047             | \$ 1,982                     | \$ 32,755                        | \$ 50,660                        |
| Average assets                                       | \$ 9,847,655 | \$ 6,190,573 | \$ 2,833,228         | —                            | \$ 4,179,078                     | \$ 23,050,534                    |

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

|                                     | Commercial | Consumer  | Wealth<br>Management | Tax-Equivalent<br>Adjustment | Funds<br>Management<br>and Other | BOK<br>Financial<br>Consolidated |
|-------------------------------------|------------|-----------|----------------------|------------------------------|----------------------------------|----------------------------------|
| NIR (expense) from external sources | \$ 259,682 | \$ 40,263 | \$ 17,319            | \$ 5,879                     | \$ 202,743                       | \$ 525,886                       |
| NIR (expense) from internal sources | (41,169 )  | 61,000    | 15,352               | —                            | (35,183 )                        | —                                |
| Total net interest revenue          | 218,513    | 101,263   | 32,671               | 5,879                        | 167,560                          | 525,886                          |
| Other operating revenue             | 100,051    | 138,495   | 120,676              | —                            | 9,680                            | 368,902                          |
| Operating expense                   | 166,728    | 190,143   | 128,898              | —                            | 37,842                           | 523,611                          |
| Provision for credit losses         | 76,832     | 18,316    | 7,647                | —                            | 44,485                           | 147,280                          |
|                                     | —          | 6,839     | —                    | —                            | —                                | 6,839                            |

|  |              |             |             |         |             |              |
|--|--------------|-------------|-------------|---------|-------------|--------------|
| Increase in fair value of mortgage service rights    |              |             |             |         |             |              |
| Gain (loss) on financial instruments, net            | –            | (8,758 )    | –           | –       | 24,683      | 15,925       |
| Gain (loss) on repossessed assets, net               | (4,145 )     | 859         | –           | –       | (238 )      | (3,524 )     |
| Income before taxes                                  | 70,859       | 30,239      | 16,802      | 5,879   | 119,358     | 243,137      |
| Federal and state income tax                         | 27,564       | 11,763      | 6,536       | –       | 36,062      | 81,925       |
| Net income   | 43,295       | 18,476      | 10,266      | 5,879   | 83,296      | 161,212      |
| Net income attributable to non-controlling interest  | –            | –           | –           | –       | 3,405       | 3,405        |
| Net income attributable to BOK Financial Corporation | \$43,295     | \$18,476    | \$10,266    | \$5,879 | \$79,891    | \$157,807    |
| Average assets                                       | \$10,324,426 | \$6,164,170 | \$2,976,690 | –       | \$3,483,941 | \$22,949,227 |

## (12) Fair Value Measurements

The following table presents the carrying values and estimated fair values of all financial instruments, including those financial assets and liabilities that are not measured and reported at fair value on a recurring basis or non-recurring basis as of September 30, 2010 (dollars in thousands):

|   | Carrying Value | Range of Contractual Yields | Average Re-pricing (in years) | Discount Rate | Estimated Fair Value |
|---|----------------|-----------------------------|-------------------------------|---------------|----------------------|
| Cash and cash equivalents   | \$1,195,902    |                             |                               |               | \$1,195,902          |
| Trading securities  | 82,247         |                             |                               |               | 82,247               |
| Investment securities:  |                |                             |                               |               |                      |
| Municipal and other tax-exempt                                      | 187,608        |                             |                               |               | 194,051              |
| Other debt securities   | 156,140        |                             |                               |               | 164,289              |
|   | 343,748        |                             |                               |               | 358,340              |
| Available for sale securities:                                      |                |                             |                               |               |                      |
| Municipal and other tax-exempt                                      | 68,308         |                             |                               |               | 68,308               |
| U.S. agency residential mortgage-backed securities                  | 8,596,911      |                             |                               |               | 8,596,911            |
| Private issue residential mortgage-backed securities                | 708,472        |                             |                               |               | 708,472              |
| Other debt securities   | 9,887          |                             |                               |               | 9,887                |
| Federal Reserve Bank stock  | 32,844         |                             |                               |               | 32,844               |
| Federal Home Loan Bank stock  | 77,095         |                             |                               |               | 77,095               |
| Perpetual preferred stock   | 22,024         |                             |                               |               | 22,024               |
| Equity securities and mutual funds                                  | 44,669         |                             |                               |               | 44,669               |
|   | 9,560,210      |                             |                               |               | 9,560,210            |
| Mortgage trading securities   | 475,215        |                             |                               |               | 475,215              |
| Residential mortgage loans held for sale                            | 316,893        | –                           | –                             | –             | 316,893              |
| Loans:  |                |                             |                               |               |                      |
| Commercial  | 5,972,008      | 0.25 – 18.00 %              | 0.56                          | 0.68 – 4.1%   | 5,906,847            |
| Commercial real estate  | 2,323,122      | 0.38 – 18.00 %              | 1.20                          | 0.29 – 3.52   | 2,280,422            |
| Residential mortgage  | 1,883,908      | 0.38 – 18.00 %              | 2.96                          | 0.79 – 3.86   | 1,945,460            |
| Consumer  | 626,806        | 21.00 %                     | 0.90                          | 1.78 – 3.74   | 636,269              |
| Total loans   | 10,805,844     |                             |                               |               | 10,768,998           |
| Reserve for loan losses   | (299,154 )     |                             |                               |               | –                    |
| Net loans   | 10,506,690     |                             |                               |               | 10,768,998           |
| Mortgage servicing rights   | 86,333         |                             |                               |               | 86,333               |
| Derivative instruments with positive fair value, net of cash margin | 266,104        |                             |                               |               | 266,104              |
| Other assets – private equity funds                                 | 23,831         |                             |                               |               | 23,831               |
| Deposits with no stated maturity                                    | 13,081,091     |                             |                               |               | 13,081,091           |
| Time deposits   | 3,741,500      | 0.01 – 9.64                 | 1.83                          | 0.81 – 1.34   | 3,242,844            |

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|   |           |             |      |             |           |
|---|-----------|-------------|------|-------------|-----------|
| Other borrowings  | 3,353,325 | 0.06 – 4.44 | 0.34 | 0.15 – 2.72 | 3,348,587 |
| Subordinated debentures   | 398,658   | 5.19 – 5.82 | 2.53 | 3.46        | 418,959   |
| Derivative instruments with negative fair value, net of cash margin | 218,296   |             |      |             | 218,296   |

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The following table presents the carrying values and estimated fair values of all financial instruments, including those financial assets and liabilities that are not measured and reported at fair value on a recurring basis or non-recurring basis as of December 31, 2009 (dollars in thousands):

|   | Carrying Value | Range of Contractual Yields | Average Re-pricing (in years) | Discount Rate | Estimated Fair Value |
|---|----------------|-----------------------------|-------------------------------|---------------|----------------------|
| Cash and cash equivalents   | \$921,216      |                             |                               |               | \$921,216            |
| Trading securities  | 65,354         |                             |                               |               | 65,354               |
| Investment securities:  |                |                             |                               |               |                      |
| Municipal and other tax-exempt                                      | 232,568        |                             |                               |               | 238,847              |
| Other debt securities   | 7,837          |                             |                               |               | 7,857                |
| Available for sale securities:                                      | 240,405        |                             |                               |               | 246,704              |
| U.S. Treasury   | 7,020          |                             |                               |               | 7,020                |
| Municipal and other tax-exempt                                      | 62,201         |                             |                               |               | 62,201               |
| U.S. agency residential mortgage-backed securities                  | 7,809,328      |                             |                               |               | 7,809,328            |
| Private issue residential mortgage-backed securities                | 792,362        |                             |                               |               | 792,362              |
| Other debt securities   | 17,147         |                             |                               |               | 17,147               |
| Federal Reserve Bank stock  | 32,526         |                             |                               |               | 32,526               |
| Federal Home Loan Bank stock  | 78,999         |                             |                               |               | 78,999               |
| Perpetual preferred stock   | 22,275         |                             |                               |               | 22,275               |
| Equity securities and mutual funds                                  | 50,165         |                             |                               |               | 50,165               |
|   | 8,872,023      |                             |                               |               | 8,872,023            |
| Mortgage trading securities   | 285,950        |                             |                               |               | 285,950              |
| Residential mortgage loans held for sale                            | 217,826        | –                           | –                             | –             | 217,826              |
| Loans:  |                |                             |                               |               |                      |
| Commercial  | 6,207,840      | 1.04 – 18.00 %              | 0.47                          | 0.23 – 3.8%   | 6,118,613            |
| Commercial real estate  | 2,491,434      | 2.00 – 18.00 %              | 1.24                          | 0.24 – 3.81   | 2,457,730            |
| Residential mortgage  | 1,793,622      | 0.08 – 12.75 %              | 6.93                          | 0.74 – 4.85   | 1,920,449            |
| Consumer  | 786,802        | 1.75 – 21.00 %              | 1.26                          | 3.81          | 807,288              |
| Total loans   | 11,279,698     |                             |                               |               | 11,304,080           |
| Reserve for loan losses   | (292,095 )     |                             |                               |               | –                    |
| Net loans   | 10,987,603     |                             |                               |               | 11,304,080           |
| Mortgage servicing rights   | 73,824         |                             |                               |               | 73,824               |
| Derivative instruments with positive fair value, net of cash margin | 343,782        |                             |                               |               | 343,782              |
| Other assets – private equity funds                                 | 22,917         |                             |                               |               | 22,917               |
| Deposits with no stated maturity                                    | 11,750,235     |                             |                               |               | 11,750,235           |
| Time deposits   | 3,767,993      | 0.02 – 10.00 %              | 2.09                          | 0.06 – 2.34   | 3,776,149            |

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|   |           |             |      |             |           |
|---|-----------|-------------|------|-------------|-----------|
| Other borrowings  | 4,605,100 | 0.25 – 6.58 | 0.05 | 0.06 – 0.25 | 4,989,509 |
| Subordinated debentures   | 398,539   | 5.58        | 3.55 | 1.79        | 442,738   |
| Derivative instruments with negative fair value, net of cash margin | 308,360   |             |      |             | 308,360   |

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The following table presents the carrying values and estimated fair values of all financial instruments, including those financial assets and liabilities that are not measured and reported at fair value on a recurring basis or non-recurring basis as of September 30, 2009 (dollars in thousands):

|   | Carrying Value | Range of Contractual Yields | Average Re-pricing (in years) | Discount Rate | Estimated Fair Value |
|---|----------------|-----------------------------|-------------------------------|---------------|----------------------|
| Cash and cash equivalents   | \$ 1,422,709   |                             |                               |               | \$ 1,422,709         |
| Trading securities  | 100,898        |                             |                               |               | 100,898              |
| Investment securities:  |                |                             |                               |               |                      |
| Municipal and other tax-exempt                                      | 230,868        |                             |                               |               | 237,520              |
| Other debt securities   | 7,233          |                             |                               |               | 7,254                |
|   | 238,101        |                             |                               |               | 244,774              |
| Available for sale securities:                                      |                |                             |                               |               |                      |
| U.S. Treasury   | 7,052          |                             |                               |               | 7,052                |
| Municipal and other tax-exempt                                      | 47,903         |                             |                               |               | 47,903               |
| U.S. agency residential mortgage-backed securities                  | 6,886,867      |                             |                               |               | 6,886,867            |
| Private issue residential mortgage-backed securities                | 1,140,943      |                             |                               |               | 1,140,943            |
| Other debt securities   | 15,862         |                             |                               |               | 15,862               |
| Federal Reserve Bank stock  | 32,526         |                             |                               |               | 32,526               |
| Federal Home Loan Bank stock  | 146,355        |                             |                               |               | 146,355              |
| Perpetual preferred stock   | 20,038         |                             |                               |               | 20,038               |
| Equity securities and mutual funds                                  | 61,016         |                             |                               |               | 61,016               |
|   | 8,358,562      |                             |                               |               | 8,358,562            |
| Mortgage trading securities   |                |                             |                               |               |                      |
| Residential mortgage loans held for sale                            | 172,301        | –                           | –                             | –             | 172,301              |
| Loans:  |                |                             |                               |               |                      |
|   |                | 1.16 –                      |                               |               |                      |
| Commercial  | 6,370,056      | 18.00                       | % 0.44                        | 0.25 – 3.8%   | 6,296,169            |
|   |                | 1.50 –                      |                               |               |                      |
| Commercial real estate  | 2,560,335      | 18.00                       | 1.19                          | 0.27 – 3.81   | 2,541,037            |
|   |                | 4.00 –                      |                               |               |                      |
| Residential mortgage  | 1,829,824      | 12.75                       | 7.07                          | 1.02 – 4.51   | 2,014,143            |
|   |                | 2.00 –                      |                               |               |                      |
| Consumer  | 851,349        | 21.00                       | 1.35                          | 3.81          | 877,461              |
| Total loans   | 11,611,564     |                             |                               |               | 11,728,810           |
| Reserve for loan losses   | (280,902 )     |                             |                               |               | –                    |
| Net loans   | 11,330,662     |                             |                               |               | 11,728,810           |
| Mortgage servicing rights   | 66,689         |                             |                               |               | 66,689               |
| Derivative instruments with positive fair value, net of cash margin | 397,110        |                             |                               |               | 397,110              |
| Other assets – private equity funds                                 | 22,043         |                             |                               |               | 22,043               |
| Deposits with no stated maturity                                    | 11,010,533     |                             |                               |               | 11,010,533           |
|   |                | 0.03 –                      |                               |               |                      |
| Time deposits   | 4,084,813      | 10.00                       | 1.97                          | 0.15 – 2.22   | 4,103,217            |



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|   |           |             |      |             |           |
|---|-----------|-------------|------|-------------|-----------|
| Other borrowings  | 5,388,848 | 1.13 – 3.52 | 0.06 | 0.08 – 0.29 | 5,277,731 |
| Subordinated debentures   | 398,502   | 5.58        | 3.80 | 1.78        | 446,650   |
| Derivative instruments with negative fair value, net of cash margin | 395,197   |             |      |             | 395,197   |

Because no market exists for certain of these financial instruments and management does not intend to sell these financial instruments, the fair values shown in the tables above may not represent values at which the respective financial instruments could be sold individually or in the aggregate at the given reporting date.

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

Cash and Cash Equivalents

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

## Securities

The fair values of securities are based on quoted prices for identical instruments in active markets, when available. If quoted prices for identical instruments are not available, fair values are based on significant other observable inputs such as quoted prices of comparable instruments or interest rates and credit spreads, yield curves, volatilities prepayment speeds and loss severities. Fair values for a portion of the securities portfolio are based on significant unobservable inputs, including projected cash flows discounted as rates indicated by comparison to securities with similar credit and liquidity risk.

## Derivatives

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

## Residential Mortgage Loans Held for Sale

Residential mortgage loans held for sale are carried on the balance sheet at fair value. The fair values of residential mortgage loans held for sale are based upon quoted market prices of such loans sold in securitization transactions, including related unfunded loan commitments.

## Loans

The fair value of loans, excluding loans held for sale, are based on discounted cash flow analyses using interest rates and credit and liquidity spreads currently being offered for loans with similar remaining terms to maturity and risk, adjusted for the impact of interest rate floors and ceilings. The fair values of loans were estimated to approximate their discounted cash flows less loan loss reserves allocated to these loans of \$273 million at September 30, 2010, \$274 million at December 31, 2009 and \$254 million at September 30, 2009.

## Other Assets – Private Equity Funds

The fair value of the portfolio investments of the Company's two private equity funds are based upon net asset value reported by the underlying funds, as adjusted by the general partner when necessary to represent the price that would be received to sell the assets. Private equity fund assets are long-term, illiquid investments. No secondary market exists for these assets. They may only be realized through cash distributions from the underlying funds.

## Deposits

The fair values of time deposits are based on discounted cash flow analyses using interest rates currently being offered on similar transactions. Estimated fair value of deposits with no stated maturity, which includes demand deposits, transaction deposits, money market deposits and savings accounts, is equal to the amount payable on demand. Although market premiums paid reflect an additional value for these low cost deposits, adjusting fair value for the expected benefit of these deposits is prohibited. Accordingly, the positive effect of such deposits is not included in this table.

## Other Borrowings and Subordinated Debentures

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

Off-Balance Sheet Instruments

The fair values of commercial loan commitments are based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements. The fair values of these off-balance sheet instruments were not significant at September 30, 2010, December 31, 2009 or September 30, 2009.

Assets and liabilities recorded at fair value in the financial statements on a recurring and non-recurring basis are grouped into three broad levels as follows:

**Quoted Prices in active Markets for Identical Instruments** – Fair value is based on unadjusted quoted prices in active markets for identical assets or liabilities.

**Significant Other Observable Inputs** – Fair value is based on significant other observable inputs are generally determined based on a single price for each financial instrument provided to us by an applicable third-party pricing service and are based on one or more of the following:

- 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.

**Significant Unobservable Inputs** – Fair value is based upon model-based valuation techniques for which at least one significant assumption is not observable in the market.

The underlying methods used by the third-party pricing services are considered in determining the primary inputs used to determine fair values. Management has evaluated the methodologies employed by the third-party pricing services by comparing the price provided by the pricing service with other sources, including brokers' quotes, sales or purchases of similar instruments and discounted cash flows to establish a basis for reliance on the pricing service values. Significant differences between the pricing service provided value and other sources are discussed with the pricing service to understand the basis for their values. Based on this evaluation, we determined that the results represent prices that would be received to sell assets or paid to transfer liabilities in orderly transactions in the current market.

#### Fair Value of Financial Instruments Measured on a Recurring Basis

The fair value of financial assets and liabilities that are measured on a recurring basis are as follows as of September 30, 2010 (in thousands):

|   | Total     | Quoted<br>Prices in<br>Active<br>Markets<br>for<br>Identical<br>Instruments | Significant<br>Other<br>Observable<br>Inputs | Significant<br>Unobservable<br>Inputs |
|---|-----------|---|--|---------------------------------------|
| <b>Assets:</b>  |           |   |  |                                       |
| Trading securities                                      | \$ 82,247 | \$ 4,219  | \$ 78,028                                    | \$ –                                  |
| <b>Available for sale securities:</b>                   |           |   |  |                                       |
| Municipal and other tax-exempt                          | 68,308    |   | 27,397                                       | 40,911                                |
| U.S. agency residential<br>mortgage-backed securities   | 8,596,911 |   | 8,596,911                                    |                                       |
| Private issue residential<br>mortgage-backed securities | 708,472   |   | 708,472                                      |                                       |
| Other debt securities                                   | 9,887     |   | 3  | 9,884                                 |

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|  |           |        |           |            |
|--|-----------|--------|-----------|------------|
| Federal Reserve Bank stock                   | 32,844    |        | 32,844    |            |
| Federal Home Loan Bank stock                 | 77,095    |        | 77,095    |            |
| Perpetual preferred stock                    | 22,024    |        | 22,024    |            |
| Equity securities and mutual funds           | 44,669    | 21,426 | 23,243    |            |
|  | 9,560,210 | 21,426 | 9,487,989 | 50,795     |
| Mortgage trading securities                  | 475,215   |        | 475,215   |            |
| Residential mortgage loans held for sale     | 316,893   |        | 316,893   |            |
| Mortgage servicing rights                    | 86,333    |        |           | 86,333 (1) |
| Derivative contracts, net of cash margin (2) | 266,104   |        | 266,104   |            |
| Other assets – private equity funds          | 23,831    |        |           | 23,831     |
| <b>Liabilities:</b>                          |           |        |           |            |
| Certificates of deposit                      | 27,804    |        | 27,804    |            |
| Derivative contracts, net of cash margin (2) | 218,296   |        | 218,296   |            |

(1) A reconciliation of the beginning and ending fair value of mortgage servicing rights and disclosures of significant assumptions used to determine fair

value are presented in Note 6, Mortgage Banking Activities.

(2) See Note 3 for detail of fair value of derivative contracts by contract type. The fair value of derivative assets and liabilities based on Quoted

Price in Active Markets for Identical Instruments represents derivative contracts for agricultural products traded on exchanges.

The fair value of financial assets and liabilities that are measured on a recurring basis are as follows as of December 31, 2009 (in thousands):

|   | Total     | Quoted<br>Prices in<br>Active<br>Markets<br>for<br>Identical<br>Instruments | Significant<br>Other<br>Observable<br>Inputs | Significant<br>Unobservable<br>Inputs |
|---|-----------|---|--|---------------------------------------|
| <b>Assets:</b>  |           |   |  |                                       |
| Trading securities                                      | \$ 65,354 | \$ 1,282  | \$ 54,272                                    | \$ 9,800                              |
| Available for sale securities:                          |           |   |  |                                       |
| U.S. Treasury   | 7,020     | 7,020   |  |                                       |
| Municipal and other tax-exempt                          | 62,201    |   | 25,603                                       | 36,598                                |
| U.S. agency residential<br>mortgage-backed securities   | 7,809,328 |   | 7,809,328                                    |                                       |
| Private issue residential<br>mortgage-backed securities | 792,362   |   | 792,362                                      |                                       |
| Other debt securities                                   | 17,147    |   | 31   | 17,116                                |
| Federal Reserve Bank stock                              | 32,526    |   | 32,526                                       |                                       |
| Federal Home Loan Bank stock                            | 78,999    |   | 78,999                                       |                                       |
| Perpetual preferred stock                               | 22,275    |   | 22,275                                       |                                       |
| Equity securities and mutual<br>funds                   | 50,165    | 24,424  | 25,741                                       |                                       |
|   | 8,872,023 | 31,444  | 8,786,865                                    | 53,714                                |
| Mortgage trading securities                             | 285,950   |   | 285,950                                      |                                       |
| Residential mortgage loans held<br>for sale             | 217,826   |   | 217,826                                      |                                       |
| Mortgage servicing rights                               | 73,824    |   |  | 73,824 (1)                            |
| Derivative contracts, net of cash<br>margin (2)         | 343,782   | 1,175   | 342,607                                      |                                       |
| Other assets – private equity funds                     | 22,917    |   |  | 22,917                                |
| <b>Liabilities:</b>                                     |           |   |  |                                       |
| Certificates of deposit                                 | 98,031    |   | 98,031                                       |                                       |
| Derivative contracts, net of cash<br>margin (2)         | 308,360   | 875   | 307,485                                      |                                       |

(1) A reconciliation of the beginning and ending fair value of mortgage servicing rights and disclosures of significant assumptions used to determine fair value are presented in Note 6, Mortgage Banking Activities.

(2) See Note 3 for detail of fair value of derivative contracts by contract type. See Note 3 for detail of fair value of derivative contracts by contract type. The fair value of derivative assets and liabilities based on Quoted Price in Active Markets for Identical Instruments represents derivative contracts for agricultural products traded on exchanges.

The fair value of certain municipal and other debt securities classified as trading, investment or available for sale may be based on significant unobservable inputs. These significant unobservable inputs 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. Discount rates are primarily based on reference to interest rate spreads on comparable securities of similar duration and credit rating as determined by the nationally recognized rating agencies adjusted for a lack of trading volume. Taxable securities rated investment grade by all nationally recognized rating agencies are generally valued at par to yield a range of 1.74% to 3.29%. As of September 30, 2010, average yields on comparable short-term taxable securities are generally less than 1%. Tax-exempt securities rated investment grade by all nationally recognized rating agencies are generally valued to yield a range of 1.04% to 1.10%, which represents a spread of 75 to 80 basis points over average yields of comparable securities as of September 30, 2010. The resulting estimated fair value of securities rated investment grade ranges from 99.05% to 99.67% of par value at September 30, 2010.

After other-than-temporary impairment charges, approximately \$11.5 million of our municipal and other tax-exempt securities are rated below investment grade by at least one of the three nationally recognized rating agencies. The fair value of these securities was determined based on yields ranging from 4.55% to 7.93%. These yields were determined using a spread of 425 basis points over comparable municipal securities of varying durations. The resulting estimated fair value of securities rated below investment grade ranges from 85.60% to 86.17% of par value as of September 30, 2010. All of these securities are currently paying contractual interest in accordance with their respective terms.

The following represents the changes for the three months ended September 30, 2010 related to assets measured at fair value on a recurring basis using significant unobservable inputs (in thousands):

|   | Available for Sale Securities |                                |                       |                                     |
|---|-------------------------------|--------------------------------|-----------------------|-------------------------------------|
|   | Trading Securities            | Municipal and other tax-exempt | Other debt securities | Other assets – private equity funds |
| Balance at June 30, 2010                            | \$ –                          | \$ 39,826                      | \$ 13,035             | \$ 23,834                           |
| Transfer from trading to available for sale         | (2,378 )                      | 2,378                          | –                     | –                                   |
| Purchases, proceeds, issuances and settlements, net | 2,450                         | (1,200 )                       | (3,307 )              | 1,673                               |
| Gain (loss) recognized in earnings:                 |                               |                                |                       |                                     |
| Brokerage and trading revenue                       | (72 )                         | –                              | –                     | –                                   |
| Gain (loss) on other assets                         | –                             | –                              | –                     | (1,676 )                            |
| Gain on securities, net                             | –                             | 7                              | 259                   | –                                   |
| Other-than-temporary impairment losses              | –                             | (1,019 )                       | –                     | –                                   |
| Other comprehensive (loss)                          | –                             | 919                            | (103 )                | –                                   |
| Balance September 30, 2010                          | \$ –                          | \$ 40,911                      | \$ 9,884              | \$ 23,831                           |

The following represents the changes for the nine months ended September 30, 2010 related to assets measured at fair value on a recurring basis using significant unobservable inputs (in thousands):

|   | Available for Sale Securities |                                |                       |                                     |
|---|-------------------------------|--------------------------------|-----------------------|-------------------------------------|
|   | Trading Securities            | Municipal and other tax-exempt | Other debt securities | Other assets – private equity funds |
| Balance at December 31, 2009                        | \$ 9,800                      | \$ 36,598                      | \$ 17,116             | \$ 22,917                           |
| Transfer from trading to available for sale         | (7,198 )                      | 7,098                          | 100                   | –                                   |
| Purchases, proceeds, issuances and settlements, net | (2,450 )                      | (1,867 )                       | (7,607 )              | 1,674                               |
| Gain (loss) recognized in earnings:                 |                               |                                |                       |                                     |
| Brokerage and trading revenue                       | (152 )                        | –                              | –                     | –                                   |
| Gain (loss) on other assets                         | –                             | –                              | –                     | (760 )                              |
| Gain on securities, net                             | –                             | 7                              | 259                   | –                                   |
| Other-than-temporary impairment losses              | –                             | (1,019 )                       | –                     | –                                   |
| Other comprehensive (loss)                          | –                             | 94                             | 16                    | –                                   |
| Balance September 30, 2010                          | \$ –                          | \$ 40,911                      | \$ 9,884              | \$ 23,831                           |

Substantially all trading securities with fair values based on significant unobservable inputs were transferred to available for sale based on sales limitations and banking regulations. There were no transfers from quoted prices in active markets for identical instruments to significant other observable inputs during the nine months ended



September 30, 2010.

#### Fair Value of Financial Instruments Measured on a Non-Recurring Basis

Assets measured at fair value on a non-recurring basis include pension plan assets, which are based on quoted prices in active markets for identical instruments, collateral for certain impaired loans and real property and other assets acquired to satisfy loans, which are based primarily on comparisons to completed sales of similar assets. In addition, goodwill impairment is evaluated based on the fair value of the Company's reporting units.

The following represents the carrying value of assets measured at fair value on a non-recurring basis (and related losses) during the period. The carrying value represents only those assets adjusted to fair value during the period ended September 30, 2010:

|   | Carrying Value at September 30,<br>2010  |  |                                       | Fair Value<br>Adjustments<br>for the<br>Three<br>Month<br>Period<br>Ended<br>September<br>30, 2010 |
|---|--|--|---------------------------------------|--|
|   | Quoted<br>Prices<br>in<br>Active<br>Markets<br>for<br>Identical<br>Instruments | Significant<br>Other<br>Observable<br>Inputs | Significant<br>Unobservable<br>Inputs |  |
| Impaired loans                              | \$ –   | \$ 40,665                                    | \$ 635                                | \$ 16,085  |
| Real estate and other<br>repossessed assets | –  | 29,480                                       | 5,631                                 | 5,411  |
| Other assets – alternative<br>investments   | –  | –  | 2,950                                 | 1,000  |

The fair value of collateral-dependent impaired loans and real estate and other repossessed assets and the related fair value adjustments are generally based on unadjusted third-party appraisals. Our appraisal review policies require appraised values to be supported by observed inputs derived principally from or corroborated by observable market data. Appraisals that are not based on observable inputs or that require significant adjustments or fair value measurements that are not based on third-party appraisals are considered to be based on significant unobservable inputs. Fair value adjustments of impaired loans are charged against the allowance for loan losses. Fair value

adjustments of real estate and other repossessed assets are charged against operating expenses as net gains, losses and operating expenses of repossessed assets. During the third quarter of 2010, the Company recorded a charge against operating expenses based on the performance and earnings trends of the underlying business of a certain alternative investment.

#### Fair Value Election

Certain certificates of deposit were designated as carried at fair value. This determination is made based on the Company's intent to convert these certificates from fixed interest rates to variable interest rates based on LIBOR with interest rate swaps that have not been designated as hedging instruments. The fair value election for these liabilities better represents the economic effect of these instruments on the Company. At September 30, 2010, the fair value and contractual principal amount of these certificates was \$28 million and \$27 million, respectively. Change in the fair value of these certificates of deposit resulted in an unrealized gain during the three and nine months ended September 30, 2010 of \$154 thousand and \$597 thousand, respectively, which is included in Gain (Loss) on Derivatives, net on the Consolidated Statement of Earnings. At September 30, 2009, the fair value and contractual principal amount of these certificates was \$98 million and \$97 million, respectively. Changes in the fair value of these certificates of deposit resulted in an unrealized gain during the three and nine months ended September 30, 2009 of \$120 thousand and \$1.8 million, respectively.

As more fully disclosed in Note 2 and Note 6 to the Consolidated Financial Statements, the Company has elected to carry certain mortgage-backed securities which have been designated as economic hedges against changes in the fair value of mortgage servicing rights and residential mortgage loans held for sale at fair value. Changes in the fair value of these financial instruments are recognized in earnings.

#### (13) Federal and State Income Taxes

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

|  | Three Months Ended<br>September 30,<br>2010 |          | September 30,<br>2009 |          | Nine Months Ended<br>September 30,<br>2010 |   | September 30,<br>2009 |   |
|--|---|----------|-----------------------|----------|--|---|-----------------------|---|
| Amount:  |   |          |                       |          |  |   |                       |   |
| Federal statutory tax                                | \$32,628                                    | \$27,433 | \$98,507              | \$85,098 |  |   |                       |   |
| Tax exempt revenue                                   | (1,261 )                                    | (1,127 ) | (4,054 )              | (3,381 ) |  |   |                       |   |
| Effect of state income taxes, net of federal benefit | 1,872                                       | 1,283    | 5,590                 | 5,899    |  |   |                       |   |
| Utilization of tax credits                           | (864 )                                      | (1,338 ) | (3,904 )              | (2,095 ) |  |   |                       |   |
| Bank-owned life insurance                            | (1,136 )                                    | (820 )   | (2,878 )              | (2,460 ) |  |   |                       |   |
| Reduction of tax accrual                             | (2,245 )                                    | –        | (2,245 )              | –        |  |   |                       |   |
| Other, net   | 941   | (659 )   | 1,244                 | (1,136 ) |  |   |                       |   |
| Total  | \$29,935                                    | \$24,772 | \$92,260              | \$81,925 |  |   |                       |   |
|  | Three Months Ended<br>September 30,<br>2010 |          | September 30,<br>2009 |          | Nine Months Ended<br>September 30,<br>2010 |   | September 30,<br>2009 |   |
| Percent of pretax income:                            |   |          |                       |          |  |   |                       |   |
| Federal statutory tax                                | 35  | %        | 35                    | %        | 35   | % | 35                    | % |
| Tax exempt revenue                                   | (1  | )        | (1                    | )        | (1   | ) | (1                    | ) |

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|  |    |   |    |   |    |   |    |   |
|--|----|---|----|---|----|---|----|---|
| Effect of state income taxes, net of federal benefit | 1  |   | 2  |   | 2  |   | 2  |   |
| Utilization of tax credits                           | (1 | ) | (2 | ) | (1 | ) | (1 | ) |
| Bank-owned life insurance                            | (1 | ) | (1 | ) | (1 | ) | (1 | ) |
| Reduction of tax accrual                             | (2 | ) | –  |   | (1 | ) | –  |   |
| Other, net   | 1  |   | (1 | ) | –  |   | –  |   |
| Total  | 32 | % | 32 | % | 33 | % | 34 | % |

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## (14) Financial Instruments with Off-Balance Sheet Risk

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

As of September 30, 2010, outstanding commitments and letters of credit were as follows (in thousands):

|                              |             |
|------------------------------|-------------|
| Commitments to extend credit | \$4,897,755 |
| Standby letters of credit    | 525,113     |
| Commercial letters of credit | 5,775       |

The Company also has off-balance sheet credit risk for residential mortgage loans sold with full or partial recourse. The principal balance of residential mortgage loans sold subject to recourse obligations totaled \$300 million at September 30, 2010, \$331 million at December 31, 2009 and \$345 million at September 30, 2009. The separate reserve for these off-balance sheet commitments was \$16 million at September 30, 2010, \$14 million at December 31, 2009 and \$11 million at September 30, 2009. At September 30, 2010, approximately 6% of the loans sold with recourse with an outstanding principal balance of \$17 million were either delinquent more than 90 days, in bankruptcy or in foreclosure and 6% with an outstanding balance of \$18 million were past due 30 to 89 days. The provision for credit losses on loans sold with recourse is included in mortgage banking costs in the Consolidated Statements of Earnings.

The activity in the reserve for losses on loans sold with recourse is summarized as follows (in thousands):

|                               | Three Months Ended |           | Nine Months Ended |           |
|-------------------------------|--------------------|-----------|-------------------|-----------|
|                               | September 30,      |           | June 30,          |           |
|                               | 2010               | 2009      | 2010              | 2009      |
| Beginning balance             | \$ 13,781          | \$ 10,793 | \$ 13,781         | \$ 8,767  |
| Provision for recourse losses | 2,551              | 1,974     | 5,418             | 7,083     |
| Loans charged off, net        | (830 )             | (1,548 )  | (3,697 )          | (4,631 )  |
| Ending balance                | \$ 15,502          | \$ 11,219 | \$ 15,502         | \$ 11,219 |

## (15) Subsequent Events

The Company evaluated events from the date of the consolidated financial statements on September 30, 2010 through the issuance of those consolidated financial statements included in this Quarterly Report on Form 10-Q. No events were identified requiring recognition in and/or disclosure in the consolidated financial statements.

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Nine-Month Financial Summary – Unaudited

Consolidated Daily Average Balances,  
Average Yields and Rates

(Dollars in Thousands Except Per Share Data)

|   | September 30, 2010 |                                  |                | September 30, 2009 |                                  |                |
|---|--------------------|----------------------------------|----------------|--------------------|----------------------------------|----------------|
|   | Average<br>Balance | Revenue/<br>Expense <sup>1</sup> | Yield/<br>Rate | Average<br>Balance | Revenue/<br>Expense <sup>1</sup> | Yield/<br>Rate |
| <b>Assets</b>                                       |                    |                                  |                |                    |                                  |                |
| Taxable securities <sup>3</sup>                     | \$9,513,539        | \$243,544                        | 3.52 %         | \$7,567,091        | \$246,604                        | 4.51 %         |
| Tax-exempt securities <sup>3</sup>                  | 282,272            | 10,595                           | 5.02           | 270,450            | 11,650                           | 5.76           |
| Total securities <sup>3</sup>                       | 9,795,811          | 254,139                          | 3.56           | 7,837,541          | 258,254                          | 4.55           |
| Trading securities                                  | 66,332             | 2,023                            | 4.08           | 96,389             | 2,773                            | 3.85           |
| Funds sold and resell<br>agreements                 | 24,624             | 20                               | 0.11           | 49,063             | 62                               | 0.17           |
| Residential mortgage loans<br>held for sale         | 188,203            | 6,516                            | 4.63           | 218,425            | 7,791                            | 4.77           |
| Loans <sup>2</sup>                                  | 11,005,573         | 398,131                          | 4.84           | 12,357,814         | 427,157                          | 4.62           |
| Less reserve for loan losses                        | 309,972            | -                                | -              | 273,466            | -                                | -              |
| Loans, net of reserve                               | 10,695,601         | 398,131                          | 4.98           | 12,084,348         | 427,157                          | 4.73           |
| Total earning assets <sup>3</sup>                   | 20,770,571         | 660,829                          | 4.31           | 20,285,766         | 696,037                          | 4.65           |
| Cash and other assets                               | 2,924,684          |                                  |                | 2,663,461          |                                  |                |
| Total assets  | \$23,695,255       |                                  |                | \$22,949,227       |                                  |                |
| <b>Liabilities and Shareholders' Equity</b>         |                    |                                  |                |                    |                                  |                |
| Transaction deposits                                | \$8,319,542        | \$30,114                         | 0.48 %         | \$6,877,782        | \$40,515                         | 0.79 %         |
| Savings deposits                                    | 181,694            | 548                              | 0.40           | 165,039            | 415                              | 0.34           |
| Time deposits                                       | 3,749,207          | 50,513                           | 1.80           | 4,911,663          | 92,440                           | 2.52           |
| Total interest-bearing deposits                     | 12,250,443         | 81,175                           | 0.89           | 11,954,484         | 133,370                          | 1.49           |
| Funds purchased and<br>repurchase agreements        | 2,429,877          | 6,284                            | 0.35           | 2,386,998          | 6,697                            | 0.38           |
| Other borrowings                                    | 1,775,373          | 4,308                            | 0.32           | 2,094,640          | 7,449                            | 0.48           |
| Subordinated debentures                             | 398,598            | 16,765                           | 5.62           | 398,455            | 16,756                           | 5.62           |
| Total interest-bearing<br>liabilities               | 16,854,291         | 108,532                          | 0.86           | 16,834,577         | 164,272                          | 1.30           |
| Demand deposits                                     | 3,660,567          |                                  |                | 3,148,823          |                                  |                |
| Other liabilities                                   | 793,131            |                                  |                | 945,973            |                                  |                |
| Shareholders' equity                                | 2,387,266          |                                  |                | 2,019,854          |                                  |                |
| Total liabilities and<br>shareholders' equity       | \$23,695,255       |                                  |                | \$22,949,227       |                                  |                |
| Tax-equivalent Net Interest<br>Revenue <sup>3</sup> |                    | \$552,297                        | 3.45 %         |                    | \$531,765                        | 3.34 %         |

|  |            |            |
|--|------------|------------|
| Tax-equivalent Net Interest Revenue to Earning Assets <sup>3</sup> | 3.60       | 3.55       |
| Less tax-equivalent adjustment <sup>1</sup>                        | 6,895      | 5,879      |
| Net Interest Revenue   | 545,402    | 525,886    |
| Provision for credit losses  | 98,140     | 147,280    |
| Other operating revenue  | 408,995    | 384,827    |
| Other operating expense  | 574,809    | 520,296    |
| Income before taxes  | 281,448    | 243,137    |
| Federal and state income tax                                       | 92,260     | 81,925     |
| Net income   | 189,188    | 161,212    |
| Net income attributable to non-controlling interest                | 1,266      | 3,405      |
| Net income attributable to BOK Financial Corp.                     | \$ 187,922 | \$ 157,807 |
| Earnings Per Average Common Share Equivalent:                      |            |            |
| Net income:  |            |            |
| Basic  | \$2.76     | \$2.33     |
| Diluted  | \$2.75     | \$2.33     |

<sup>1</sup> Tax equivalent at the statutory federal and state rates for the periods presented. The taxable equivalent adjustments shown are for comparative purposes.

<sup>2</sup> The loan averages included loans on which the accrual of interest has been discontinued and are stated net of unearned income.

<sup>3</sup> 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 |                                  |                |                    |                                  |                |
|---|--------------------|----------------------------------|----------------|--------------------|----------------------------------|----------------|
|   | September 30, 2010 |                                  |                | June 30, 2010      |                                  |                |
|   | Average<br>Balance | Revenue/<br>Expense <sup>1</sup> | Yield/<br>Rate | Average<br>Balance | Revenue/<br>Expense <sup>1</sup> | Yield/<br>Rate |
| <b>Assets</b>                                 |                    |                                  |                |                    |                                  |                |
| Taxable securities <sup>3</sup>               | \$9,953,104        | \$79,472                         | 3.28 %         | \$9,366,703        | \$81,460                         | 3.56 %         |
| Tax-exempt securities <sup>3</sup>            | 256,110            | 3,145                            | 4.87           | 296,282            | 3,614                            | 4.89           |
| Total securities <sup>3</sup>                 | 10,209,214         | 82,617                           | 3.32           | 9,662,985          | 85,074                           | 3.60           |
| Trading securities                            | 69,315             | 570                              | 3.26           | 58,722             | 661                              | 4.51           |
| Funds sold and resell<br>agreements           | 18,882             | 4                                | 0.08           | 22,776             | 8                                | 0.14           |
| Residential mortgage loans<br>held for sale   | 242,559            | 2,592                            | 4.24           | 183,489            | 2,177                            | 4.76           |
| Loans <sup>2</sup>                            | 10,861,515         | 133,336                          | 4.87           | 10,971,466         | 132,004                          | 4.83           |
| Less reserve for loan losses                  | 308,139            | –                                | –              | 312,595            | –                                | –              |
| Loans, net of reserve                         | 10,553,376         | 133,336                          | 5.01           | 10,658,871         | 132,004                          | 4.97           |
| Total earning assets <sup>3</sup>             | 21,093,346         | 219,119                          | 4.19           | 20,586,843         | 219,924                          | 4.33           |
| Cash and other assets                         | 3,098,944          |                                  |                | 2,857,964          |                                  |                |
| Total assets                                  | \$24,192,290       |                                  |                | \$23,444,807       |                                  |                |
| <b>Liabilities and Shareholders'</b>          |                    |                                  |                |                    |                                  |                |
| <b>Equity</b>                                 |                    |                                  |                |                    |                                  |                |
| Transaction deposits                          | \$8,699,495        | 9,935                            | 0.45           | \$8,287,296        | 10,044                           | 0.49           |
| Savings deposits                              | 189,512            | 185                              | 0.39           | 184,376            | 185                              | 0.40           |
| Time deposits                                 | 3,774,136          | 17,146                           | 1.80           | 3,701,167          | 16,063                           | 1.74           |
| Total interest-bearing deposits               | 12,663,143         | 27,266                           | 0.85           | 12,172,839         | 26,292                           | 0.87           |
| Funds purchased and<br>repurchase agreements  | 2,227,088          | 2,008                            | 0.36           | 2,491,084          | 2,254                            | 0.36           |
| Other borrowings                              | 1,465,516          | 1,314                            | 0.36           | 1,619,745          | 1,403                            | 0.35           |
| Subordinated debentures                       | 398,638            | 5,664                            | 5.64           | 398,598            | 5,535                            | 5.57           |
| Total interest-bearing<br>liabilities         | 16,754,385         | 36,252                           | 0.86           | 16,682,266         | 35,484                           | 0.85           |
| Demand deposits                               | 3,831,486          |                                  |                | 3,660,910          |                                  |                |
| Other liabilities                             | 1,124,000          |                                  |                | 722,902            |                                  |                |
| Shareholders' equity                          | 2,482,419          |                                  |                | 2,378,729          |                                  |                |
| Total liabilities and<br>shareholders' equity | \$24,192,290       |                                  |                | \$23,444,807       |                                  |                |
|   |                    | \$182,867                        | 3.33 %         |                    | \$184,440                        | 3.48 %         |

Tax-equivalent Net Interest Revenue<sup>3</sup>

|  |          |          |
|--|----------|----------|
| Tax-equivalent Net Interest Revenue to Earning Assets <sup>3</sup> | 3.50     | 3.63     |
| Less tax-equivalent adjustment <sup>1</sup>                        | 2,152    | 2,327    |
| Net Interest Revenue   | 180,715  | 182,113  |
| Provision for credit losses  | 20,000   | 36,040   |
| Other operating revenue  | 137,673  | 157,439  |
| Other operating expense  | 205,165  | 205,912  |
| Income before taxes  | 93,223   | 97,600   |
| Federal and state income tax                                       | 29,935   | 32,042   |
| Net income   | 63,288   | 65,558   |
| Net income attributable to non-controlling interest                | (979 )   | 2,036    |
| Net income attributable to BOK Financial Corp.                     | \$64,267 | \$63,522 |

## Earnings Per Average Common Share Equivalent:

## Net income:

|         |        |        |
|---------|--------|--------|
| Basic   | \$0.94 | \$0.93 |
| Diluted | \$0.94 | \$0.93 |

<sup>1</sup> Tax equivalent at the statutory federal and state rates for the periods presented. The taxable equivalent adjustments shown are for comparative purposes.

<sup>2</sup> The loan averages included loans on which the accrual of interest has been discontinued and are stated net of unearned income.

<sup>3</sup> Yield calculations exclude security trades that have been recorded on trade date with no corresponding interest income.



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| March 31, 2010     |                                  |                | Three Months Ended<br>December 31, 2009 |                                  |                | September 30, 2009 |                                  |                |
|--------------------|----------------------------------|----------------|---|----------------------------------|----------------|--------------------|----------------------------------|----------------|
| Average<br>Balance | Revenue/<br>Expense <sup>1</sup> | Yield/<br>Rate | Average<br>Balance                      | Revenue/<br>Expense <sup>1</sup> | Yield/<br>Rate | Average<br>Balance | Revenue/<br>Expense <sup>1</sup> | Yield/<br>Rate |
| \$9,212,677        | \$82,612                         | 3.73 %         | \$8,875,417                             | \$82,392                         | 3.83 %         | \$8,012,380        | \$81,890                         | 4.18 %         |
| 294,849            | 3,837                            | 5.28           | 286,550                                 | 3,726                            | 5.16           | 273,432            | 3,468                            | 5.03           |
| 9,507,526          | 86,448                           | 3.78           | 9,161,967                               | 86,118                           | 3.87           | 8,285,812          | 85,358                           | 4.21           |
| 70,979             | 792                              | 4.53           | 68,027                                  | 927                              | 5.41           | 64,763             | 771                              | 4.72           |
| 32,363             | 8                                | 0.10           | 30,358                                  | 16                               | 0.21           | 67,032             | 18                               | 0.11           |
| 137,404            | 1,747                            | 5.16           | 194,760                                 | 2,311                            | 4.71           | 176,403            | 2,198                            | 4.94           |
| 11,187,320         | 132,791                          | 4.81           | 11,492,696                              | 137,235                          | 4.74           | 11,887,418         | 139,883                          | 4.67           |
| 309,194            | –                                | –              | 298,157                                 | –                                | –              | 281,289            | –                                | –              |
| 10,878,126         | 132,791                          | 4.95           | 11,194,539                              | 137,235                          | 4.86           | 11,606,129         | 139,883                          | 4.78           |
| 20,626,398         | 221,786                          | 4.41           | 20,649,651                              | 226,607                          | 4.42           | 20,200,139         | 228,228                          | 4.54           |
| 3,086,349          |                                  |                | 3,046,083                               |                                  |                | 2,850,395          |                                  |                |
| \$23,712,747       |                                  |                | \$23,695,734                            |                                  |                | \$23,050,534       |                                  |                |
| \$7,963,752        | \$10,135                         | 0.52 %         | \$7,734,678                             | \$11,092                         | 0.57 %         | \$7,162,477        | \$11,736                         | 0.65 %         |
| 170,990            | 178                              | 0.42           | 167,572                                 | 199                              | 0.47           | 167,677            | 203                              | 0.48           |
| 3,772,295          | 17,304                           | 1.86           | 4,002,337                               | 19,700                           | 1.95           | 4,404,854          | 24,401                           | 2.20           |
| 11,907,037         | 27,617                           | 0.94           | 11,904,587                              | 30,991                           | 1.03           | 11,735,008         | 36,340                           | 1.23           |
| 2,575,286          | 2,022                            | 0.32           | 2,173,476                               | 1,658                            | 0.30           | 2,284,985          | 1,817                            | 0.32           |
| 2,249,470          | 1,591                            | 0.29           | 2,380,938                               | 1,742                            | 0.29           | 2,173,103          | 2,070                            | 0.38           |
| 398,559            | 5,566                            | 5.66           | 398,522                                 | 5,542                            | 5.52           | 398,484            | 5,558                            | 5.53           |
| 17,130,352         | 36,796                           | 0.87           | 16,857,523                              | 39,933                           | 0.94           | 16,591,580         | 45,785                           | 1.09           |
| 3,485,504          |                                  |                | 3,666,663                               |                                  |                | 3,392,578          |                                  |                |
| 798,263            |                                  |                | 924,803                                 |                                  |                | 931,406            |                                  |                |
| 2,298,628          |                                  |                | 2,246,745                               |                                  |                | 2,134,970          |                                  |                |
| \$23,712,747       |                                  |                | \$23,695,734                            |                                  |                | \$23,050,534       |                                  |                |
|                    | \$184,990                        | 3.54 %         |   | \$186,674                        | 3.48 %         |                    | \$182,443                        | 3.45 %         |
|                    |                                  | 3.68           |   |                                  | 3.64           |                    |                                  | 3.63           |
|                    | 2,416                            |                |   | 2,196                            |                |                    | 1,982                            |                |
|                    | 182,574                          |                |   | 184,478                          |                |                    | 180,461                          |                |
|                    | 42,100                           |                |   | 48,620                           |                |                    | 55,120                           |                |
|                    | 113,883                          |                |   | 108,163                          |                |                    | 131,770                          |                |
|                    | 163,732                          |                |   | 176,437                          |                |                    | 178,732                          |                |
|                    | 90,625                           |                |   | 67,584                           |                |                    | 78,379                           |                |

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|          |          |          |
|----------|----------|----------|
| 30,283   | 24,780   | 24,772   |
| 60,342   | 42,804   | 53,607   |
| 209      | 33       | 2,947    |
| \$60,133 | \$42,771 | \$50,660 |
|          |          |          |
| \$0.88   | \$0.63   | \$0.75   |
| \$0.88   | \$0.63   | \$0.75   |

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

|  | Three Months Ended |                  |                   |                  |                   |
|--|--------------------|------------------|-------------------|------------------|-------------------|
|  | Sept. 30,<br>2010  | June 30,<br>2010 | March 31,<br>2010 | Dec. 31,<br>2009 | Sept. 30,<br>2009 |
| Interest revenue   | \$216,967          | \$217,597        | \$219,370         | \$224,411        | \$226,246         |
| Interest expense   | 36,252             | 35,484           | 36,796            | 39,933           | 45,785            |
| Net interest revenue                                     | 180,715            | 182,113          | 182,574           | 184,478          | 180,461           |
| Provision for credit losses                              | 20,000             | 36,040           | 42,100            | 48,620           | 55,120            |
| Net interest revenue after provision for credit losses   | 160,715            | 146,073          | 140,474           | 135,858          | 125,341           |
| Other operating revenue                                  |                    |                  |                   |                  |                   |
| Brokerage and trading revenue                            | 27,072             | 24,754           | 21,035            | 20,240           | 24,944            |
| Transaction card revenue                                 | 28,852             | 28,263           | 25,687            | 26,292           | 26,264            |
| Trust fees and commissions                               | 16,774             | 17,737           | 16,320            | 16,492           | 16,315            |
| Deposit service charges and fees                         | 24,290             | 28,797           | 26,792            | 29,501           | 30,464            |
| Mortgage banking revenue                                 | 29,236             | 18,335           | 14,871            | 13,403           | 13,197            |
| Bank-owned life insurance                                | 3,004              | 2,908            | 2,972             | 2,870            | 2,634             |
| Margin asset fees  | 83                 | 69               | 36                | 50               | 51                |
| Other revenue  | 7,625              | 7,305            | 7,602             | 7,101            | 6,087             |
| Total fees and commissions                               | 136,936            | 128,168          | 115,315           | 115,949          | 119,956           |
| Gain (loss) on other assets, net                         | (1,331 )           | 1,545            | (1,390 )          | (205 )           | 3,223             |
| Gain (loss) on derivatives, net                          | 4,626              | 7,272            | (341 )            | (370 )           | (294 )            |
| Gain on securities, net                                  | 11,753             | 23,100           | 4,524             | 7,277            | 12,266            |
| Total other-than-temporary impairment losses             | (4,525 )           | (10,959 )        | (9,708 )          | (67,390 )        | (6,133 )          |
| Portion of loss recognized in other comprehensive income | 9,786              | (8,313 )         | (5,483 )          | (52,902 )        | (2,752 )          |
| Net impairment losses recognized in earnings             | (14,311 )          | (2,646 )         | (4,225 )          | (14,488 )        | (3,381 )          |
| Total other operating revenue                            | 137,673            | 157,439          | 113,883           | 108,163          | 131,770           |
| Other operating expense                                  |                    |                  |                   |                  |                   |
| Personnel  | 101,216            | 97,054           | 96,824            | 93,687           | 98,012            |
| Business promotion                                       | 4,426              | 4,945            | 3,978             | 5,758            | 4,827             |
| Professional fees and services                           | 7,621              | 6,668            | 6,401             | 8,813            | 7,555             |
| Net occupancy and equipment                              | 16,436             | 15,691           | 15,511            | 17,600           | 15,884            |
| Insurance  | 6,052              | 5,596            | 6,533             | 6,412            | 6,092             |
| Data processing and communications                       | 21,601             | 21,940           | 20,309            | 21,121           | 20,413            |
| Printing, postage and supplies                           | 3,648              | 3,525            | 3,322             | 3,601            | 3,716             |
| Net losses and operating expenses of repossessed assets  | 7,230              | 13,067           | 7,220             | 5,101            | 3,497             |
| Amortization of intangible assets                        | 1,324              | 1,323            | 1,324             | 1,912            | 1,686             |
| Mortgage banking costs                                   | 9,093              | 10,380           | 9,267             | 11,436           | 8,065             |
| Change in fair value of mortgage servicing rights        | 15,924             | 19,458           | (13,932 )         | (5,285 )         | 2,981             |
|  | 1,103              | —                | —                 | —                | —                 |

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|  |            |            |            |            |            |
|--|------------|------------|------------|------------|------------|
| Visa retrospective responsibility obligation               |            |            |            |            |            |
| Other expense  | 9,491      | 6,265      | 6,975      | 6,281      | 6,004      |
| Total other operating expense                              | 205,165    | 205,912    | 163,732    | 176,437    | 178,732    |
| Income before taxes  | 93,223     | 97,600     | 90,625     | 67,584     | 78,379     |
| Federal and state income tax                               | 29,935     | 32,042     | 30,283     | 24,780     | 24,772     |
| Net income   | 63,288     | 65,558     | 60,342     | 42,804     | 53,607     |
| Net income (loss) attributable to non-controlling interest | (979 )     | 2,036      | 209        | 33         | 2,947      |
| Net income attributable to BOK Financial Corp.             | \$64,267   | \$63,522   | \$60,133   | \$42,771   | \$50,660   |
| Earnings per share:  |            |            |            |            |            |
| Basic  | \$0.94     | \$0.93     | \$0.88     | \$0.63     | \$0.75     |
| Diluted  | \$0.94     | \$0.93     | \$0.88     | \$0.63     | \$0.75     |
| Average shares used in computation:                        |            |            |            |            |            |
| Basic  | 67,625,378 | 67,605,807 | 67,592,315 | 67,446,326 | 67,392,059 |
| Diluted  | 67,765,344 | 67,880,587 | 67,790,049 | 67,600,344 | 67,513,700 |

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## PART II. Other Information

## Item 1. Legal Proceedings

See discussion of legal proceedings at footnote 8 to the consolidated financial statements.

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

The following table provides information with respect to purchases made by or on behalf of the Company or any “affiliated purchaser” (as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934), of the Company’s common stock during the three months ended September 30, 2010.

| Period                                  | Total<br>Number of<br>Shares<br>Purchased<br>(2) | Average<br>Price Paid<br>per Share | Total<br>Number of<br>Shares<br>Purchased<br>as Part of<br>Publicly<br>Announced<br>Plans or<br>Programs<br>(1) | Maximum<br>Number of<br>Shares that<br>May Yet<br>Be<br>Purchased<br>Under the<br>Plans |
|---|--|------------------------------------|---|---|
| July 1, 2010 to July 31, 2010           | –  | –                                  | –   | 1,215,927   |
| August 1, 2010 to August 31, 2010       | –  | –                                  | –   | 1,215,927   |
| September 1, 2010 to September 30, 2010 | 374  | \$44.48                            | –   | 1,215,927   |
| Total                                   | 374  |                                    | –   |   |

- (1) On April 26, 2005, the Company’s board of directors authorizing the Company to repurchase up to two million shares of the Company’s common stock. As of September 30, 2010, the Company had repurchased 784,073 shares under this plan.
- (2) The Company routinely repurchases mature shares from employees to cover the exercise price and taxes in connection with employee stock option exercises.

## Item 6. Exhibits

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

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

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

101 Interactive data files pursuant to Rule 405 of Regulation S-T: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Earnings, (iii) the Consolidated Statements of Changes in Equity, (iv) the Consolidated Statement of Cash Flows and (v) the Notes to Consolidated Financial Statements, tagged as blocks of text\*

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

\* As provided in Rule 406T of Regulation S-T, this information is furnished and not filed for purposes of Section 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934.

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Signatures

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

BOK FINANCIAL CORPORATION  
(Registrant)

Date: November 1, 2010

/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

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