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Beginning balance

$
7,906

$
1,250

$
91

$
14

$
—

$
9,261

Provision for off-balance sheet credit losses

456

325

(9

)

15

—

787

Ending balance

$
8,362

$
1,575

$
82

$
29

$
—

$
10,048

Total provision for credit losses

$

3,973

$
1,446

$
(3,128
)

$
(291
)

$
(2,000
)

$
—

The allowance for loan losses and recorded investment of the related loans by portfolio segment for each impairment measurement method at March 31, 2013 is as follows (in thousands):

	Collectively Measured for Impairment		Individually Measured for Impairment		Total	
	Recorded Investment	Related Allowance	Recorded Investment	Related Allowance	Recorded Investment	Related Allowance
Commercial	$7,398,444	$66,071	$19,861	$348	$7,418,305	$66,419
Commercial real estate	2,219,985	48,270	65,175	258	2,285,160	48,528
Residential mortgage	1,967,238	39,923	45,212	299	2,012,450	40,222
Consumer	375,477	7,862	2,172	122	377,649	7,984
Total	11,961,144	162,126	132,420	1,027	12,093,564	163,153
Nonspecific allowance	—	—	—	—	—	42,812
Total	$11,961,144	$162,126	$132,420	$1,027	$12,093,564	$205,965

The allowance for loan losses and recorded investment of the related loans by portfolio segment for each impairment measurement method at December 31, 2012 is as follows (in thousands):

	Collectively Measured for Impairment		Individually Measured for Impairment		Total	
	Recorded Investment	Related Allowance	Recorded Investment	Related Allowance	Recorded Investment	Related Allowance
Commercial	$7,617,445	$65,050	$24,467	$230	$7,641,912	$65,280
Commercial real estate	2,168,373	51,775	60,626	3,109	2,228,999	54,884
Residential mortgage	1,998,432	40,934	46,608	769	2,045,040	41,703
Consumer	392,796	9,328	2,709	125	395,505	9,453
Total	12,177,046	167,087	134,410	4,233	12,311,456	171,320
Nonspecific allowance	—	—	—	—	—	44,187
Total	$12,177,046	$167,087	$134,410	$4,233	$12,311,456	$215,507

The allowance for loan losses and recorded investment of the related loans by portfolio segment for each impairment measurement method at March 31, 2012 is as follows (in thousands):

	Collectively Measured for Impairment		Individually Measured for Impairment		Total	
	Recorded Investment	Related Allowance	Recorded Investment	Related Allowance	Recorded Investment	Related Allowance
Commercial	$6,881,908	$85,508	$61,677	$464	$6,943,585	$85,972
Commercial real estate	2,165,824	61,098	86,475	1,644	2,252,299	62,742
Residential mortgage	1,961,414	34,484	7,512	229	1,968,926	34,713
Consumer	407,863	16,432	4,771	—	412,634	16,432
Total	11,417,009	197,522	160,435	2,337	11,577,444	199,859
Nonspecific allowance	—	—	—	—	—	44,350
Total	$11,417,009	$197,522	$160,435	$2,337	$11,577,444	$244,209

Credit Quality Indicators

The Company utilizes loan class and risk grading as primary credit quality indicators. Substantially all commercial and commercial real estate loans and certain residential mortgage and consumer loans are risk graded based on a quarterly evaluation of the borrowers' ability to repay the loans. Certain commercial loans and most residential mortgage and consumer loans are small, homogeneous pools that are not risk graded.

The allowance for loan losses and recorded investment of the related loans by portfolio segment for risk graded and non-risk graded loans at March 31, 2013 is as follows (in thousands):

	Internally Risk Graded		Non-Graded		Total	
	Recorded Investment	Related Allowance	Recorded Investment	Related Allowance	Recorded Investment	Related Allowance
Commercial	$7,400,848	$65,320	$17,457	$1,099	$7,418,305	$66,419
Commercial real estate	2,285,160	48,528	—	—	2,285,160	48,528
Residential mortgage	247,814	4,600	1,764,636	35,622	2,012,450	40,222
Consumer	237,152	3,163	140,497	4,821	377,649	7,984
Total	10,170,974	121,611	1,922,590	41,542	12,093,564	163,153
Nonspecific allowance	—	—	—	—	—	42,812
Total	$10,170,974	$121,611	$1,922,590	$41,542	$12,093,564	$205,965

The allowance for loan losses and recorded investment of the related loans by portfolio segment for risk graded and non-risk graded loans at December 31, 2012 is as follows (in thousands):

	Internally Risk Graded		Non-Graded		Total	
	Recorded Investment	Related Allowance	Recorded Investment	Related Allowance	Recorded Investment	Related Allowance
Commercial	$7,624,442	$64,181	$17,470	$1,099	$7,641,912	$65,280
Commercial real estate	2,228,999	54,884	—	—	2,228,999	54,884
Residential mortgage	265,503	5,270	1,779,537	36,433	2,045,040	41,703
Consumer	231,376	2,987	164,129	6,466	395,505	9,453
Total	10,350,320	127,322	1,961,136	43,998	12,311,456	171,320
Nonspecific allowance	—	—	—	—	—	44,187
Total	$10,350,320	$127,322	$1,961,136	$43,998	$12,311,456	$215,507

The allowance for loan losses and recorded investment of the related loans by portfolio segment for risk graded and non-risk graded loans at March 31, 2012 is as follows (in thousands):

	Internally Risk Graded		Non-Graded		Total	
	Recorded Investment	Related Allowance	Recorded Investment	Related Allowance	Recorded Investment	Related Allowance
Commercial	$6,926,003	$84,853	$17,582	$1,119	$6,943,585	$85,972
Commercial real estate	2,252,299	62,742	—	—	2,252,299	62,742
Residential mortgage	298,139	7,482	1,670,787	34,146	1,968,926	41,628
Consumer	209,699	2,676	202,935	6,841	412,634	9,517
Total	9,686,140	157,753	1,891,304	42,106	11,577,444	199,859
Nonspecific allowance	—	—	—	—	—	44,350
Total	$9,686,140	$157,753	$1,891,304	$42,106	$11,577,444	$244,209

Loans are considered to be performing if they are in compliance with the original terms of the agreement, which is consistent with the regulatory guideline of “pass.” Performing also includes loans considered to be “other loans especially mentioned” by regulatory guideline. Other loans especially mentioned are in compliance with the original terms of the agreement but may have a weakness that deserves management’s close attention. Performing loans also include past due residential mortgages that are guaranteed by agencies of the U.S. government.

The risk grading process identified certain criticized loans as potential problem loans. These loans have a well-defined weakness (e.g. inadequate debt service coverage or liquidity or marginal capitalization; repayment may depend on collateral or other risk mitigation) that may jeopardize liquidation of the debt and represent a greater risk due to deterioration in the financial condition of the borrower. This is consistent with the regulatory guideline for “substandard.” Because the borrowers are still performing in accordance with the original terms of the loan agreements, these loans were not placed in nonaccruing status. Known information does, however, cause concern as to the borrowers’ continued compliance with current repayment terms. Nonaccruing loans represent loans for which full collection of principal and interest is uncertain. This is substantially the same criteria used to determine whether a loan is impaired and includes certain loans considered “substandard” and all loans considered “doubtful” by regulatory guidelines.

The following table summarizes the Company's loan portfolio at March 31, 2013 by the risk grade categories (in thousands):

	Internally Risk Graded			Non-Graded		
	Performing	Potential Problem	Nonaccrual	Performing	Nonaccrual	Total
Commercial:						
Energy	$2,342,500	$4,555	$2,377	$—	$—	$2,349,432
Services	2,074,198	31,127	9,474	—	—	2,114,799
Wholesale/retail	1,071,954	10,807	2,239	—	—	1,085,000
Manufacturing	387,346	10,624	1,848	—	—	399,818
Healthcare	1,078,550	124	2,962	—	—	1,081,636
Integrated food services	173,800	—	—	—	—	173,800
Other commercial and industrial	190,758	4,716	889	17,385	72	213,820
Total commercial	7,319,106	61,953	19,789	17,385	72	7,418,305
Commercial real estate:						
Construction and land development	194,944	19,423	23,462	—	—	237,829
Retail	572,761	2,597	8,921	—	—	584,279
Office	401,070	6,723	12,851	—	—	420,644
Multifamily	453,822	2,151	4,501	—	—	460,474
Industrial	234,590	261	2,198	—	—	237,049
Other commercial real estate	321,304	10,339	13,242	—	—	344,885
Total commercial real estate	2,178,491	41,494	65,175	—	—	2,285,160
Residential mortgage:						
Permanent mortgage	230,595	6,555	10,664	816,272	27,489	1,091,575
Permanent mortgages guaranteed by U.S. government agencies	—	—	—	162,205	214	162,419
Home equity	—	—	—	751,397	7,059	758,456
Total residential mortgage	230,595	6,555	10,664	1,729,874	34,762	2,012,450
Consumer:						
Indirect automobile	—	—	—	23,049	1,319	24,368
Other consumer	235,495	1,249	408	115,685	444	353,281
Total consumer	235,495	1,249	408	138,734	1,763	377,649
Total	$9,963,687	$111,251	$96,036	$1,885,993	$36,597	$12,093,564

The following table summarizes the Company's loan portfolio at December 31, 2012 by the risk grade categories (in thousands):

	Internally Risk Graded			Non-Graded		
	Performing	Potential Problem	Nonaccrual	Performing	Nonaccrual	Total
Commercial:						
Energy	$2,448,954	$9,245	$2,460	$—	$—	$2,460,659
Services	2,119,734	32,362	12,090	—	—	2,164,186
Wholesale/retail	1,093,413	9,949	3,077	—	—	1,106,439
Manufacturing	337,132	9,345	2,007	—	—	348,484
Healthcare	1,077,773	467	3,166	—	—	1,081,406
Integrated food services	190,422	—	684	—	—	191,106
Other commercial and industrial	266,329	4,914	919	17,406	64	289,632
Total commercial	7,533,757	66,282	24,403	17,406	64	7,641,912
Commercial real estate:						
Construction and land development	204,010	22,952	26,131	—	—	253,093
Retail	508,342	6,327	8,117	—	—	522,786
Office	405,763	15,280	6,829	—	—	427,872
Multifamily	393,566	6,624	2,706	—	—	402,896
Industrial	241,761	265	3,968	—	—	245,994
Other commercial real estate	351,663	11,820	12,875	—	—	376,358
Total commercial real estate	2,105,105	63,268	60,626	—	—	2,228,999
Residential mortgage:						
Permanent mortgage	242,823	10,271	12,409	831,008	27,454	1,123,965
Permanent mortgages guaranteed by U.S. government agencies	—	—	—	159,955	489	160,444
Home equity	—	—	—	754,375	6,256	760,631
Total residential mortgage	242,823	10,271	12,409	1,745,338	34,199	2,045,040
Consumer:						
Indirect automobile	—	—	—	33,157	1,578	34,735
Other consumer	229,570	1,091	715	128,978	416	360,770
Total consumer	229,570	1,091	715	162,135	1,994	395,505
Total	$10,111,255	$140,912	$98,153	$1,924,879	$36,257	$12,311,456

The following table summarizes the Company's loan portfolio at March 31, 2012 by the risk grade categories (in thousands):

	Internally Risk Graded			Non-Graded		
	Performing	Potential Problem	Nonaccrual	Performing	Nonaccrual	Total
Commercial:						
Energy	$2,142,978	$8,987	$336	$—	$—	$2,152,301
Services	1,899,082	39,049	12,890	—	—	1,951,021
Wholesale/retail	958,682	23,104	15,388	—	—	997,174
Manufacturing	308,187	10,117	23,402	—	—	341,706
Healthcare	974,209	1,006	7,946	—	—	983,161
Integrated food services	203,351	750	—	—	—	204,101
Other commercial and industrial	294,818	6	1,715	17,509	73	314,121
Total commercial	6,781,307	83,019	61,677	17,509	73	6,943,585
Commercial real estate:						
Construction and land development	234,687	28,438	52,416	—	—	315,541
Retail	463,143	8,639	6,193	—	—	477,975
Office	357,006	12,437	10,733	—	—	380,176
Multifamily	420,156	9,400	3,414	—	—	432,970
Industrial	286,642	277	—	—	—	286,919
Other commercial real estate	331,028	13,971	13,719	—	—	358,718
Total commercial real estate	2,092,662	73,162	86,475	—	—	2,252,299
Residential mortgage:						
Permanent mortgage	276,892	13,735	7,512	824,990	15,310	1,138,439
Permanent mortgages guaranteed by U.S. government agencies	—	—	—	180,862	—	180,862
Home equity	—	—	—	644,985	4,640	649,625
Total residential mortgage	276,892	13,735	7,512	1,650,837	19,950	1,968,926
Consumer:						
Indirect automobile	—	—	—	78,916	2,608	81,524
Other consumer	202,292	2,636	4,771	121,118	293	331,110
Total consumer	202,292	2,636	4,771	200,034	2,901	412,634
Total	$9,353,153	$172,552	$160,435	$1,868,380	$22,924	$11,577,444

Impaired Loans

Loans are considered to be impaired when it is probable that the Company will not be able to collect all amounts due according to the contractual terms of the loan agreement. This includes all nonaccruing loans, all loans modified in a TDR and all loans repurchased from GNMA pools.

A summary of impaired loans follows (in thousands):

	As of March 31, 2013					For the Three Months Ended March 31, 2013	
		Recorded Investment					
	Unpaid Principal Balance	Total	With No Allowance	With Allowance	Related Allowance	Average Recorded Investment	Interest Income Recognized
Commercial:							
Energy	$2,377	$2,377	$2,377	$—	$—	$2,419	$—
Services	12,592	9,474	8,502	972	292	10,782	—
Wholesale/retail	2,545	2,239	2,187	52	13	2,658	—
Manufacturing	2,140	1,848	1,848	—	—	1,928	—
Healthcare	3,649	2,962	2,919	43	43	3,064	—
Integrated food services	—	—	—	—	—	342	—
Other commercial and industrial	8,461	961	961	—	—	972	—
Total commercial	31,764	19,861	18,794	1,067	348	22,165	—
Commercial real estate:							
Construction and land development	28,913	23,462	22,967	495	155	24,797	—
Retail	11,375	8,921	8,921	—	—	8,519	—
Office	16,169	12,851	12,617	234	30	9,840	—
Multifamily	4,501	4,501	4,501	—	—	3,604	—
Industrial	3,875	2,198	2,198	—	—	3,083	—
Other real estate loans	15,546	13,242	12,642	600	73	13,059	—
Total commercial real estate	80,379	65,175	63,846	1,329	258	62,902	—
Residential mortgage:							
Permanent mortgage	48,613	38,153	37,605	548	299	39,008	318
Permanent mortgage guaranteed by U.S. government agencies[1]	171,887	162,419	162,419	—	—	161,432	1,276
Home equity	7,059	7,059	7,059	—	—	6,658	—
Total residential mortgage	227,559	207,631	207,083	548	299	207,098	1,594
Consumer:							
Indirect automobile	1,319	1,319	1,319	—	—	1,449	—
Other consumer	918	852	730	122	122	992	—
Total consumer	2,237	2,171	2,049	122	122	2,441	—
Total	$341,939	$294,838	$291,772	$3,066	$1,027	$294,606	$1,594

[1] All permanent mortgage loans guaranteed by U.S. government agencies are considered impaired as we do not expect full collection of contractual principal and interest. At March 31, 2013, $214 thousand of these loans were nonaccruing and $162 million were accruing based on the guarantee by U.S. government agencies.

Generally, no interest income is recognized on impaired loans until all principal balances, including amounts charged-off, are recovered.

A summary of impaired loans at December 31, 2012 follows (in thousands):

	Unpaid Principal Balance	Recorded Investment			Related Allowance
		Total	With No Allowance	With Allowance	
Commercial:					
Energy	$2,460	$2,460	$2,460	$—	$—
Services	15,715	12,090	11,940	150	149
Wholesale/retail	9,186	3,077	3,016	61	15
Manufacturing	2,447	2,007	2,007	—	—
Healthcare	4,256	3,166	2,050	1,116	66
Integrated food services	684	684	684	—	—
Other commercial and industrial	8,482	983	983	—	—
Total commercial	43,230	24,467	23,140	1,327	230
Commercial real estate:					
Construction and land development	44,721	26,131	25,575	556	155
Retail	9,797	8,117	8,117	—	—
Office	8,949	6,829	6,604	225	21
Multifamily	3,189	2,706	2,706	—	—
Industrial	3,968	3,968	—	3,968	2,290
Other real estate loans	15,377	12,875	10,049	2,826	643
Total commercial real estate	86,001	60,626	53,051	7,575	3,109
Residential mortgage:					
Permanent mortgage	51,153	39,863	37,564	2,299	769
Permanent mortgage guaranteed by U.S. government agencies[1]	170,740	160,444	160,444	—	—
Home equity	6,256	6,256	6,256	—	—
Total residential mortgage	228,149	206,563	204,264	2,299	769
Consumer:					
Indirect automobile	1,578	1,578	1,578	—	—
Other consumer	1,300	1,131	1,006	125	125
Total consumer	2,878	2,709	2,584	125	125
Total	$360,258	$294,365	$283,039	$11,326	$4,233

[1] All permanent mortgage loans guaranteed by U.S. government agencies are considered impaired as we do not expect full collection of contractual principal and interest. At December 31, 2012, $489 thousand of these loans were nonaccruing and $160 million were accruing based on the guarantee by U.S. government agencies.

A summary of impaired loans at March 31, 2012 follows (in thousands):

	As of March 31, 2012					For the Three Months Ended March 31, 2012	
		Recorded Investment					
	Unpaid Principal Balance	Total	With No Allowance	With Allowance	Related Allowance	Average Recorded Investment	Interest Income Recognized
Commercial:							
Energy	$336	$336	$336	$—	$—	$336	$—
Services	22,318	12,890	12,237	653	307	14,929	—
Wholesale/retail	19,085	15,388	15,300	88	22	18,284	—
Manufacturing	26,536	23,402	23,402	—	—	23,227	—
Healthcare	9,529	7,946	6,671	1,275	135	6,716	—
Integrated food services	—	—	—	—	—	—	—
Other commercial and industrial	9,287	1,788	1,788	—	—	1,789	—
Total commercial	87,091	61,750	59,734	2,016	464	65,281	—
Commercial real estate:							
Construction and land development	86,435	52,416	51,615	801	206	57,145	—
Retail	7,680	6,193	3,761	2,432	1,062	6,528	—
Office	13,888	10,733	10,508	225	21	11,095	—
Multifamily	3,414	3,414	3,414	—	—	3,464	—
Industrial	—	—	—	—	—	—	—
Other real estate loans	16,273	13,719	11,104	2,615	355	14,603	—
Total commercial real estate	127,690	86,475	80,402	6,073	1,644	92,835	—
Residential mortgage:							
Permanent mortgage	24,131	22,822	22,142	680	229	24,094	132
Permanent mortgage guaranteed by U.S. government agencies[1]	184,510	180,862	180,862	—	—	194,385	1,532
Home equity	4,640	4,640	4,640	—	—	4,521	—
Total residential mortgage	213,281	208,324	207,644	680	229	223,000	1,664
Consumer:							
Indirect automobile	2,608	2,608	2,608	—	—	2,401	—
Other consumer	5,695	5,064	5,064	—	—	3,193	—
Total consumer	8,303	7,672	7,672	—	—	5,594	—
Total	$436,365	$364,221	$355,452	$8,769	$2,337	$386,710	$1,664

[1] All permanent mortgage loans guaranteed by U.S. government agencies are considered impaired as we do not expect full collection of contractual principal and interest. At March 31, 2012, all of these loans were accruing based on the guarantee by U.S. government agencies.

Troubled Debt Restructurings

A summary of troubled debt restructurings ("TDRs") by accruing status as of March 31, 2013 were as follows (in thousands):

	As of March 31, 2013				
	Recorded Investment	Performing in Accordance With Modified Terms	Not Performing in Accordance With Modified Terms	Specific Allowance	Amounts Charged Off During the Three Months Ended March 31, 2013
Nonaccruing TDRs:					
Commercial:					
Energy	$—	$—	$—	$—	$—
Services	2,441	1,195	1,246	292	—
Wholesale/retail	1,481	1,015	466	13	—
Manufacturing	—	—	—	—	—
Healthcare	—	—	—	—	—
Integrated food services	—	—	—	—	—
Other commercial and industrial	856	163	693	—	—
Total commercial	4,778	2,373	2,405	305	—
Commercial real estate:					
Construction and land development	12,770	2,479	10,291	76	—
Retail	6,139	2,359	3,780	—	627
Office	2,966	1,883	1,083	—	—
Multifamily	—	—	—	—	—
Industrial	—	—	—	—	—
Other real estate loans	4,889	3,281	1,608	—	—
Total commercial real estate	26,764	10,002	16,762	76	627
Residential mortgage:					
Permanent mortgage	19,230	12,670	6,560	54	370
Home equity	1,976	1,844	132	—	—
Total residential mortgage	21,206	14,514	6,692	54	370
Consumer:					
Indirect automobile	390	372	18	—	—
Other consumer	533	387	146	80	—
Total consumer	923	759	164	80	—
Total nonaccruing TDRs	$53,671	$27,648	$26,023	$515	$997

	As of March 31, 2013				
	Recorded Investment	Performing in Accordance With Modified Terms	Not Performing in Accordance With Modified Terms	Specific Allowance	Amounts Charged Off During the Three Months Ended March 31, 2013
Accruing TDRs:					
Residential mortgage:					
Permanent mortgage	—	—	—	—	—
Permanent mortgages guaranteed by U.S. government agencies	47,942	13,184	34,758	—	—
Total residential mortgage	47,942	13,184	34,758	—	—
Total accruing TDRs	47,942	13,184	34,758	—	—
Total TDRs	$101,613	$40,832	$60,781	$515	$997

A summary of troubled debt restructurings by accruing status as of December 31, 2012 were as follows (in thousands):

	As of December 31, 2012			
	Recorded Investment	Performing in Accordance With Modified Terms	Not Performing in Accordance With Modified Terms	Specific Allowance
Nonaccruing TDRs:				
Commercial:				
Energy	$—	$—	$—	$—
Services	2,492	2,099	393	45
Wholesale/retail	2,290	1,362	928	15
Manufacturing	—	—	—	—
Healthcare	64	64	—	—
Integrated food services	—	—	—	—
Other commercial and industrial	675	—	675	—
Total commercial	5,521	3,525	1,996	60
Commercial real estate:				
Construction and land development	14,898	9,989	4,909	76
Retail	6,785	5,735	1,050	—
Office	3,899	1,920	1,979	—
Multifamily	—	—	—	—
Industrial	—	—	—	—
Other real estate loans	5,017	3,399	1,618	—
Total commercial real estate	30,599	21,043	9,556	76
Residential mortgage:				
Permanent mortgage	20,490	12,214	8,276	54
Home equity	—	—	—	—
Total residential mortgage	20,490	12,214	8,276	54
Consumer:				
Indirect automobile	532	492	40	—
Other consumer	2,328	2,097	231	83
Total consumer	2,860	2,589	271	83
Total nonaccuring TDRs	$59,470	$39,371	$20,099	$273

	As of December 31, 2012			
	Recorded Investment	Performing in Accordance With Modified Terms	Not Performing in Accordance With Modified Terms	Specific Allowance
Accruing TDRs:				
Residential mortgage:				
Permanent mortgage	—	—	—	—
Permanent mortgages guaranteed by U.S. government agencies	38,515	8,755	29,760	—
Total residential mortgage	38,515	8,755	29,760	—
Total accruing TDRs	38,515	8,755	29,760	—
Total TDRs	$97,985	$48,126	$49,859	$273

A summary of troubled debt restructurings by accruing status as of March 31, 2012 were as follows (in thousands):

	As of March 31, 2012				
	Recorded Investment	Performing in Accordance With Modified Terms	Not Performing in Accordance With Modified Terms	Specific Allowance	Amounts Charged Off During the Three Months Ended March 31, 2012
Nonaccruing TDRs:					
Commercial:					
Energy	$—	$—	$—	$—	$—
Services	3,199	992	2,207	—	—
Wholesale/retail	1,676	1,480	196	22	—
Manufacturing	—	—	—	—	—
Healthcare	82	82	—	—	—
Integrated food services	—	—	—	—	—
Other commercial and industrial	957	—	957	—	—
Total commercial	5,914	2,554	3,360	22	—
Commercial real estate:					
Construction and land development	21,834	10,413	11,421	76	2,692
Retail	3,635	1,200	2,435	—	—
Office	3,419	1,133	2,286	—	269
Multifamily	—	—	—	—	—
Industrial	—	—	—	—	—
Other real estate loans	7,483	2,039	5,444	259	2,205
Total commercial real estate	36,371	14,785	21,586	335	5,166
Residential mortgage:					
Permanent mortgage	7,027	4,575	2,452	79	57
Home equity	—	—	—	—	—
Total residential mortgage	7,027	4,575	2,452	79	57
Consumer:					
Indirect automobile	—	—	—	—	—
Other consumer	3,553	3,545	8	—	—
Total consumer	3,553	3,545	8	—	—
Total nonaccruing TDRs	$52,865	$25,459	$27,406	$436	$5,223

	As of March 31, 2012				
	Recorded Investment	Performing in Accordance With Modified Terms	Not Performing in Accordance With Modified Terms	Specific Allowance	Amounts Charged Off During the Three Months Ended March 31, 2012
Nonaccruing TDRs:					
Accruing TDRs:					
Residential mortgage:					
Permanent mortgage	3,993	2,706	1,287	—	48
Permanent mortgages guaranteed by U.S. government agencies	32,770	17,570	15,200	—	—
Total residential mortgage	36,763	20,276	16,487	—	48
Total accruing TDRs	36,763	20,276	16,487	—	48
Total TDRs	$89,628	$45,735	$43,893	$436	$5,271

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Troubled debt restructurings generally consist of interest rates concessions, payment stream concessions or a combination of concessions to distressed borrowers. The following tables detail the recorded balance of loans at March 31, 2013 by class that were restructured during the three months ended March 31, 2013 by primary type of concession (in thousands):

	Three Months Ended Mar. 31, 2013							
	Accruing			Nonaccrual				
	Payment Stream	Combination & Other	Total	Interest Rate	Payment Stream	Combination & Other	Total	Total
Commercial:								
Energy	$—	$—	$—	$—	$—	$—	$—	$—
Services	—	—	—	—	56	—	56	56
Wholesale/retail	—	—	—	—	—	—	—	—
Manufacturing	—	—	—	—	—	—	—	—
Healthcare	—	—	—	—	—	—	—	—
Integrated food services	—	—	—	—	—	—	—	—
Other commercial and industrial	—	—	—	151	—	—	151	151
Total commercial	—	—	—	151	56	—	207	207
Commercial real estate:								
Construction and land development	—	—	—	—	—	—	—	—
Retail	—	—	—	—	—	—	—	—
Office	—	—	—	—	—	—	—	—
Multifamily	—	—	—	—	—	—	—	—
Industrial	—	—	—	—	—	—	—	—
Other real estate loans	—	—	—	—	—	—	—	—
Total commercial real estate	—	—	—	—	—	—	—	—
Residential mortgage:								
Permanent mortgage	—	—	—	—	62	509	571	571
Permanent mortgage guaranteed by U.S. government agencies	5,431	3,241	8,672	—	—	—	—	8,672
Home equity	—	—	—	—	—	339	339	339
Total residential mortgage	5,431	3,241	8,672	—	62	848	910	9,582
Consumer:								
Indirect automobile	—	—	—	—	—	13	13	13
Other consumer	—	—	—	93	—	44	137	137
Total consumer	—	—	—	93	—	57	150	150
Total	$5,431	$3,241	$8,672	$244	$118	$905	$1,267	$9,939

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Troubled debt restructurings generally consist of interest rates concessions, payment stream concessions or a combination of concessions to distressed borrowers. The following tables detail the recorded balance of loans by class that were restructured during the three months ended March 31, 2012 by primary type of concession (in thousands):

	Three Months Ended Mar. 31, 2012							
	Accruing			Nonaccrual				
	Payment Stream	Combination & Other	Total	Interest Rate	Payment Stream	Combination & Other	Total	Total
Commercial:								
Energy	$—	$—	$—	$—	$—	$—	$—	$—
Services	—	—	—	—	—	—	—	—
Wholesale/retail	—	—	—	—	—	—	—	—
Manufacturing	—	—	—	—	—	—	—	—
Healthcare	—	—	—	—	—	82	82	82
Integrated food services	—	—	—	—	—	—	—	—
Other commercial and industrial	—	—	—	—	—	—	—	—
Total commercial	—	—	—	—	—	82	82	82
Commercial real estate:								
Construction and land development	—	—	—	105	—	—	105	105
Retail	—	—	—	2,435	—	—	2,435	2,435
Office	—	—	—	1,403	—	—	1,403	1,403
Multifamily	—	—	—	—	—	—	—	—
Industrial	—	—	—	—	—	—	—	—
Other real estate loans	—	—	—	—	1,668	—	1,668	1,668
Total commercial real estate	—	—	—	3,943	1,668	—	5,611	5,611
Residential mortgage:								
Permanent mortgage	—	151	151	—	—	872	872	1,023
Permanent mortgage guaranteed by U.S. government agencies	—	5,169	5,169	—	—	—	—	5,169
Home equity	—	—	—	—	—	—	—	—
Total residential mortgage	—	5,320	5,320	—	—	872	872	6,192
Consumer:								
Indirect automobile	—	—	—	—	—	—	—	—
Other consumer	—	—	—	381	—	3,026	3,407	3,407
Total consumer	—	—	—	381	—	3,026	3,407	3,407
Total	$—	$5,320	$5,320	$4,324	$1,668	$3,980	$9,972	$15,292

The following table summarizes, by loan class, the recorded investment at March 31, 2013 of loans modified as TDRs within the previous 12 months and for which there was a payment default during the three months ended March 31, 2013 (in thousands):

	Three Months Ended Mar. 31, 2013		
	Accruing	Nonaccrual	Total
Commercial:			
Energy	$—	$—	$—
Services	—	875	875
Wholesale/retail	—	—	—
Manufacturing	—	—	—
Healthcare	—	—	—
Integrated food services	—	—	—
Other commercial and industrial	—	38	38
Total commercial	—	913	913
Commercial real estate:			
Construction and land development	—	8,065	8,065
Retail	—	—	—
Office	—	—	—
Multifamily	—	—	—
Industrial	—	—	—
Other real estate loans	—	—	—
Total commercial real estate	—	8,065	8,065
Residential mortgage:			
Permanent mortgage	—	2,773	2,773
Permanent mortgage guaranteed by U.S. government agencies	18,575	—	18,575
Home equity	—	—	—
Total residential mortgage	18,575	2,773	21,348
Consumer:			
Indirect automobile	—	27	27
Other consumer	—	—	—
Total consumer	—	27	27
Total	$18,575	$11,778	$30,353

A payment default is defined as being 30 days or more past due. Loans that experienced a payment default during the three months ended March 31, 2013 above includes loans that were 30 days or more past due at any time during the period, but that are performing in accordance with the modified terms as of the balance sheet date.

The following table summarizes, by loan class, the recorded investment at March 31, 2012 of loans modified as TDRs within the previous 12 months and for which there was a payment default during the three months ended March 31, 2012 (in thousands):

	Three Months Ended Mar. 31, 2012		
	Accruing	Nonaccrual	Total
Commercial:			
Energy	$—	$—	$—
Services	—	768	768
Wholesale/retail	—	—	—
Manufacturing	—	—	—
Healthcare	—	—	—
Integrated food services	—	—	—
Other commercial and industrial	—	—	—
Total commercial	—	768	768
Commercial real estate:			
Construction and land development	—	2,379	2,379
Retail	—	2,435	2,435
Office	—	1,403	1,403
Multifamily	—	—	—
Industrial	—	—	—
Other real estate loans	—	1,949	1,949
Total commercial real estate	—	8,166	8,166
Residential mortgage:			
Permanent mortgage	269	379	648
Permanent mortgage guaranteed by U.S. government agencies	6,528	—	6,528
Home equity	—	—	—
Total residential mortgage	6,797	379	7,176
Consumer:			
Indirect automobile	—	—	—
Other consumer	—	8	8
Total consumer	—	8	8
Total	$6,797	$9,321	$16,118

Nonaccrual & Past Due Loans

Past due status for all loan classes is based on the actual number of days since the last payment was due according to the contractual terms of the loans.

A summary of loans currently performing, loans past due and accruing and nonaccrual loans as of March 31, 2013 is as follows (in thousands):

	Current	Past Due 30 to 89 Days	90 Days or More	Nonaccrual	Total
Commercial:					
Energy	$2,346,530	$525	$—	$2,377	$2,349,432
Services	2,103,111	1,697	517	9,474	2,114,799
Wholesale/retail	1,082,491	270	—	2,239	1,085,000
Manufacturing	397,746	224	—	1,848	399,818
Healthcare	1,073,804	4,806	64	2,962	1,081,636
Integrated food services	173,800	—	—	—	173,800
Other commercial and industrial	212,777	82	—	961	213,820
Total commercial	7,390,259	7,604	581	19,861	7,418,305
Commercial real estate:					
Construction and land development	214,367	—	—	23,462	237,829
Retail	575,239	119	—	8,921	584,279
Office	404,401	436	2,956	12,851	420,644
Multifamily	455,973	—	—	4,501	460,474
Industrial	234,851	—	—	2,198	237,049
Other real estate loans	329,517	1,748	378	13,242	344,885
Total commercial real estate	2,214,348	2,303	3,334	65,175	2,285,160
Residential mortgage:					
Permanent mortgage	1,047,648	5,774	—	38,153	1,091,575
Permanent mortgages guaranteed by U.S. government agencies	25,915	17,669	118,621	214	162,419
Home equity	748,759	2,638	—	7,059	758,456
Total residential mortgage	1,822,322	26,081	118,621	45,426	2,012,450
Consumer:					
Indirect automobile	22,364	685	—	1,319	24,368
Other consumer	350,606	1,509	314	852	353,281
Total consumer	372,970	2,194	314	2,171	377,649
Total	$11,799,899	$38,182	$122,850	$132,633	$12,093,564

A summary of loans currently performing, loans past due and accruing and nonaccrual loans as of December 31, 2012 is as follows (in thousands):

	Current	Past Due 30 to 89 Days	90 Days or More	Nonaccrual	Total
Commercial:					
Energy	$2,454,928	$3,071	$200	$2,460	$2,460,659
Services	2,150,386	1,710	—	12,090	2,164,186
Wholesale/retail	1,103,307	5	50	3,077	1,106,439
Manufacturing	346,442	35	—	2,007	348,484
Healthcare	1,077,022	1,040	178	3,166	1,081,406
Integrated food services	190,416	6	—	684	191,106
Other commercial and industrial	288,522	127	—	983	289,632
Total commercial	7,611,023	5,994	428	24,467	7,641,912
Commercial real estate:					
Construction and land development	226,962	—	—	26,131	253,093
Retail	514,252	349	68	8,117	522,786
Office	417,866	3,177	—	6,829	427,872
Multifamily	400,151	39	—	2,706	402,896
Industrial	242,026	—	—	3,968	245,994
Other real estate loans	358,030	2,092	3,361	12,875	376,358
Total commercial real estate	2,159,287	5,657	3,429	60,626	2,228,999
Residential mortgage:					
Permanent mortgage	1,075,687	8,366	49	39,863	1,123,965
Permanent mortgages guaranteed by U.S. government agencies	26,560	13,046	120,349	489	160,444
Home equity	752,100	2,275	—	6,256	760,631
Total residential mortgage	1,854,347	23,687	120,398	46,608	2,045,040
Consumer:					
Indirect automobile	31,869	1,273	15	1,578	34,735
Other consumer	358,308	1,327	4	1,131	360,770
Total consumer	390,177	2,600	19	2,709	395,505
Total	$12,014,834	$37,938	$124,274	$134,410	$12,311,456

A summary of loans currently performing, loans past due and accruing and nonaccrual loans as of March 31, 2012 is as follows (in thousands):

	Current	Past Due 30 to 89 Days	90 Days or More	Nonaccrual	Total
Commercial:					
Energy	$2,151,887	$78	$—	$336	$2,152,301
Services	1,924,702	11,646	1,783	12,890	1,951,021
Wholesale/retail	979,188	897	1,701	15,388	997,174
Manufacturing	317,577	—	727	23,402	341,706
Healthcare	974,336	730	149	7,946	983,161
Integrated food services	204,101	—	—	—	204,101
Other commercial and industrial	311,795	538	—	1,788	314,121
Total commercial	6,863,586	13,889	4,360	61,750	6,943,585
Commercial real estate:					
Construction and land development	259,840	3,285	—	52,416	315,541
Retail	469,910	340	1,532	6,193	477,975
Office	368,265	1,178	—	10,733	380,176
Multifamily	429,020	500	36	3,414	432,970
Industrial	286,919	—	—	—	286,919
Other real estate loans	343,102	1,781	116	13,719	358,718
Total commercial real estate	2,157,056	7,084	1,684	86,475	2,252,299
Residential mortgage:					
Permanent mortgage	1,102,858	12,705	54	22,822	1,138,439
Permanent mortgages guaranteed by U.S. government agencies	28,750	13,281	138,831	—	180,862
Home equity	642,898	2,087	—	4,640	649,625
Total residential mortgage	1,774,506	28,073	138,885	27,462	1,968,926
Consumer:					
Indirect automobile	76,685	2,231	—	2,608	81,524
Other consumer	324,537	1,467	42	5,064	331,110
Total consumer	401,222	3,698	42	7,672	412,634
Total	$11,196,370	$52,744	$144,971	$183,359	$11,577,444

(5) Acquisitions

On August 15, 2012, the Company acquired a majority voting interest in a Delaware limited liability corporation and its wholly-owned subsidiary, a Tulsa-based aircraft parts supplier and repair facility.

On August 19, 2012, the Company acquired The Milestone Group, Inc. ("Milestone"), a Denver-based Registered Investment Adviser that provides wealth management services to high net worth customers in Colorado and Nebraska.

The purchase price for these acquisitions totaled $37 million, including $24 million paid in cash and $13 million of contingent consideration. The final purchase price allocation included $21 million of identifiable intangible assets and $29 million of goodwill. The pro-forma impact of these transactions was not material to the Company's consolidated financial statements.

(6) Mortgage Banking Activities

Residential Mortgage Loan Production

The Company originates, markets and services conventional and government-sponsored residential mortgage loans. Generally, conforming fixed rate residential mortgage loans are held for sale in the secondary market and non-conforming and adjustable-rate residential mortgage loans are held for investment. All residential mortgage loans originated for sale by the Company are carried at fair value based on sales commitments and market quotes. Changes in the fair value of mortgage loans held for sale are included in Other operating revenue – Mortgage banking revenue. Residential mortgage loans held for sale also includes the fair value of residential mortgage loan commitments and forward sale commitments which are considered derivative contracts that have not been designated as hedging instruments. The volume of mortgage loans originated for sale and secondary market prices are the primary drivers of originating and marketing revenue.

Residential mortgage loan commitments are generally outstanding for 60 to 90 days, which represents the typical period from commitment to originate a residential mortgage loan to when the closed loan is sold to an investor. Residential mortgage loan commitments 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 residential 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.

The unpaid principal balance of residential mortgage loans held for sale, notional amounts of derivative contracts related to residential mortgage loans commitments and forward contract sales and their related fair values included in Mortgage loans held for sale on the Consolidated Balance Sheets were (in thousands):

	March 31, 2013		December 31, 2012		March 31, 2012	
	Unpaid Principal Balance/ Notional	Fair Value	Unpaid Principal Balance/ Notional	Fair Value	Unpaid Principal Balance/ Notional	Fair Value
Residential mortgage loans held for sale	$264,608	$274,710	$269,718	$281,935	$230,241	$237,741
Residential mortgage loan commitments	466,571	13,343	356,634	12,733	302,303	8,907
Forward sales contracts	712,144	(1,842)	598,442	(906)	520,165	391
		$286,211		$293,762		$247,039

No residential mortgage loans held for sale were 90 days or more past due or considered impaired as of March 31, 2013, December 31, 2012 or March 31, 2012. No credit losses were recognized on residential mortgage loans held for sale for the three month periods ended March 31, 2013 and 2012.

Mortgage banking revenue was as follows (in thousands):

	Three Months Ended	
	March 31, 2013	March 31, 2012
Originating and marketing revenue:		
Residential mortgages loan held for sale	$30,235	$17,092
Residential mortgage loan commitments	610	2,310
Forward sales contracts	(935)	3,679

Total originating and marketing revenue	29,910	23,081
Servicing revenue	10,066	9,997
Total mortgage banking revenue	$39,976	$33,078

Originating and marketing revenue includes gain (loss) on residential mortgage loans held for sale and changes in the fair value of derivative contracts not designated as hedging instruments related to residential mortgage loan commitments and forward sales contracts. Servicing revenue includes servicing fee income and late charges on loans serviced for others.

Residential Mortgage Servicing

Mortgage servicing rights 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. Mortgage servicing rights may also be purchased. Both originated or purchased mortgage servicing rights are initially recognized at fair value. The Company has elected to carry all mortgage servicing rights at fair value. Changes in the fair value are recognized in earnings as they occur. The unpaid principal balance of loans serviced for others is the primary driver of servicing revenue.

The following represents a summary of mortgage servicing rights (Dollars in thousands):

	March 31, 2013	December 31, 2012	March 31, 2012
Number of residential mortgage loans serviced for others	99,438	98,246	95,944
Outstanding principal balance of residential mortgage loans serviced for others	$12,272,691	$11,981,624	$11,378,806
Weighted average interest rate	4.59 %	4.71 %	5.09 %
Remaining term (in months)	290	289	289

Activity in capitalized mortgage servicing rights during the three months ended March 31, 2013 is as follows (in thousands):

	Purchased	Originated	Total
Balance, December 31, 2012	$12,976	$87,836	$100,812
Additions, net	—	11,433	11,433
Change in fair value due to loan runoff	(871)	(4,192)	(5,063)
Change in fair value due to market changes	1,098	1,560	2,658
Balance, March 31, 2013	$13,203	$96,637	$109,840

Activity in capitalized mortgage servicing rights during the three months ended March 31, 2012 is as follows (in thousands):

	Purchased	Originated	Total
Balance, December 31, 2011	$18,903	$67,880	$86,783
Additions, net	—	8,372	8,372
Change in fair value due to loan runoff	(1,010)	(3,134)	(4,144)
Change in fair value due to market changes	3,311	3,816	7,127
Balance, March 31, 2012	$21,204	$76,934	$98,138

Changes in the fair value of mortgage servicing rights are included in Other operating expense in the Consolidated Statements of Earnings. 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 used to determine fair value considered to be significant unobservable input were as follows:

	March 31, 2013	December 31, 2012	March 31, 2012
Discount rate – risk-free rate plus a market premium	10.27%	10.29%	10.33%
Prepayment rate – based upon loan interest rate, original term and loan type	8.10% - 41.21%	8.38% - 43.94%	10.01% - 45.98%

Loan servicing costs – annually per loan based upon loan type:			
Performing loans	\$55 - \$105	\$55 - \$105	\$55 - \$105
Delinquent loans	\$135 - \$500	\$135 - \$500	\$50 - \$250
Loans in foreclosure	\$875 - \$4,250	\$875 - \$4,250	\$500 - \$3,000
Escrow earnings rate – indexed to rates paid on deposit accounts with comparable average life	0.97%	0.87%	1.28%

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The Company is exposed to interest rate risk as benchmark residential mortgage interest rates directly affect the prepayment speeds used in valuing our mortgage servicing rights, which is partially managed through forward sales of residential 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.

Stratification of the residential mortgage loan servicing portfolio and outstanding principal of loans serviced for others by interest rate at March 31, 2013 follows (in thousands):

	< 4.00%	4.00% - 4.99%	5.00% - 5.99%	> 5.99%	Total
Fair value	$42,981	$38,471	$22,991	$5,397	$109,840
Outstanding principal of loans serviced for others	$4,139,279	$3,844,365	$2,790,646	$1,498,401	$12,272,691
Weighted average prepayment rate[1]	8.10 %	10.60 %	19.67 %	41.21 %	15.55 %

1 Annual prepayment estimates based upon loan interest rate, original term and loan type. Weighted average prepayment rate is determined by weighting the prepayment speed for each loan by its unpaid principal balance.

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 March 31, 2013, a 50 basis point increase in mortgage interest rates is expected to increase the fair value of our mortgage servicing rights, net of economic hedge by $2.4 million. A 50 basis point decrease in mortgage interest rates is expected to decrease the fair value of our mortgage servicing rights, net of economic hedge by $2.0 million. In the model, changes in the value of servicing rights due to changes in interest rates assume stable relationships between residential 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.

The aging status of our mortgage loans serviced for others by investor at March 31, 2013 follows (in thousands):

	Current	Past Due 30 to 59 Days	60 to 89 Days	90 Days or More	Total
FHLMC	$4,583,387	$33,374	$8,253	$37,211	$4,662,225
FNMA	2,959,423	19,375	4,064	17,945	3,000,807
GNMA	4,219,579	112,968	20,962	11,391	4,364,900
Other	237,717	1,431	567	5,044	244,759
Total	$12,000,106	$167,148	$33,846	$71,591	$12,272,691

The Company has off-balance sheet credit risk related to residential mortgage loans sold to U.S. government agencies with recourse prior to 2008 under various community development programs. These loans consist of first lien, fixed-rate residential mortgage loans underwritten to standards approved by the agencies including full documentation and originated under programs available only for owner-occupied properties. However, these loans have a higher risk of delinquency and loss given default than traditional residential mortgage loans. The Company no longer sells residential mortgage loans with recourse other than obligations under standard representations and warranties. The recourse obligation relates to loan performance for the life of the loan and the Company is obligated to repurchase the loan at the time of foreclosure for the unpaid principal balance plus unpaid interest. The principal balance of residential mortgage loans sold subject to recourse obligations totaled $220 million at March 31, 2013, $227 million at December 31, 2012 and $248 million at March 31, 2012. A separate accrual for these off-balance sheet commitments is included in Other liabilities in the Consolidated Balance Sheets totaling $10 million at March 31, 2013, $11 million at December 31, 2012 and $19 million at March 31, 2012. At March 31, 2013, approximately 5% of the loans sold with recourse with an outstanding principal balance of $11 million were either delinquent more than 90 days, in bankruptcy or in foreclosure and 5% with an outstanding balance of $11 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 allowance for losses on loans sold with recourse included in Other liabilities in the Consolidated Balance Sheets is summarized as follows (in thousands):

	Three Months Ended March 31,	
	2013	2012
Beginning balance	$11,359	$18,683
Provision for recourse losses	(761)	1,672
Loans charged off, net	(523)	(1,704)
Ending balance	$10,075	$18,651

The Company also has off-balance sheet obligation to repurchase or provide indemnification for residential mortgage loans sold to government sponsored entities due to standard representations and warranties made under contractual agreements.The Company has established an accrual for credit losses related to potential loan repurchases under representations and warranties that is included in Other liabilities in the Consolidated Balance Sheets and in Mortgage banking costs in the Consolidated Statements of Earnings. The level of repurchases and indemnifications related to standard representations and warranties has remained low. The Company repurchased 9 loans from the agencies for $1.0 million during the first quarter of 2013 and recognized $158 thousand of related losses. In addition, the Company has paid indemnification for 5 loans and recognized $409 thousand of related losses during first quarter of 2013.

A summary of unresolved deficiency requests from the agencies and related accrual for credit losses follows (in thousands):

	March 31, 2013	December 31, 2012
Number of unresolved deficiency requests	430	389
Aggregate outstanding principal balance subject to unresolved deficiency requests	$50,861	$44,831
Unpaid principal balance subject to indemnification by the Company	1,414	1,233
Accrual for credit losses related to potential loan repurchases under representations and warranties	5,877	5,291

(7) Employee Benefits

BOK Financial has sponsored a defined benefit Pension Plan for all employees who satisfied certain age and service requirements. Pension Plan benefits were curtailed as of April 1, 2006. The Company recognized periodic pension expense of $500 thousand and $965 thousand for the three months ended March 31, 2013 and 2012, respectively. The Company made no Pension Plan contributions during the three months ended March 31, 2013 and 2012.

Management has been advised that the maximum allowable contribution for 2013 is $23 million. No minimum contribution is required for 2013.

(8) Commitments and Contingent Liabilities

Litigation Contingencies

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

BOK Financial currently owns 251,837 Visa Class B shares which are convertible into Visa Class A shares after the final settlement of all covered litigation. Class B shares may be diluted in the future if the escrow fund is not adequate to cover future covered litigation costs. Therefore, no value has been currently assigned to the Class B shares and no value may be assigned until the Class B shares are converted into a known number of Class A shares.

In July 2012, Visa announced it had reached an agreement in principle to resolve pending litigation and provide for settlement payments from the previously funded litigation escrow account. In conjunction with this agreement, Visa deposited an additional $150 million to the litigation escrow account which reduced the exchange rate to approximately 0.4206 Class A shares for each Class B share.

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 have a material effect on the Company's financial condition, results of operations or cash flows.

Alternative Investment Commitments

The Company sponsors two private equity funds and invests in several tax credit entities and other funds as permitted by banking regulations. Consolidation of these investments is based on the variable interest model determined by the nature of the entity. Variable interest entities are generally defined as entities that either do not have sufficient equity to finance their activities without support from other parties or whose equity investors lack a controlling financial interest. Variable interest entities are consolidated based on the determination that the Company is the primary beneficiary including the power to direct the activities that most significantly impact the variable interest's economic performance and the obligation to absorb losses of the variable interest or the right to receive benefits of the variable interest that could be significant to the variable interest.

BOKF Equity, LLC, an indirect wholly-owned subsidiary, is the general partner of two consolidated private equity funds ("the Funds"). The Funds provide alternative investment opportunities to certain customers, some of which are related parties, through unaffiliated limited partnerships. These unaffiliated limited partnerships generally invest in distressed assets, asset buy-outs or venture capital companies. As general partner, BOKF Equity, LLC has the power to direct activities that most significantly affect the Funds' performance and contingent obligations to make additional investments totaling $7.2 million at March 31, 2013. Substantially all of the obligations are offset by limited partner commitments. The Company does not accrue its contingent liability to fund investments. The Volcker Rule in Title VI of the Dodd-Frank Act limits both the amount and structure of these type of investments. As a result, the Company's private equity activity might be curtailed.

Consolidated tax credit investment entities represent the Company's interest in entities earning federal new market tax credits related to qualifying loans. The Company has the power to direct the activities that most significantly impact the variable interest's economic performance of the entity including being the primary beneficiary of or the obligation to absorb losses of the variable interest that could be significant to the variable interest.

The Company also has interests in various unrelated alternative investments generally consisting of unconsolidated limited partnership interest in or loans to entities for which investment return is primarily in the form of tax credits or that invest in distressed real estate loans and properties, energy development, venture capital and other activities. The Company is prohibited by banking regulations from controlling or actively managing the activities of these investments and the Company's maximum exposure to loss is restricted to its investment balance. The Company's obligation to fund alternative investments is included in Other liabilities in the Consolidated Balance Sheets.

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A summary of consolidated and unconsolidated alternative investments as of March 31, 2013, December 31, 2012 and March 31, 2012 is as follows (in thousands):

	March 31, 2013				
	Loans	Other assets	Other liabilities	Other borrowings	Non-controlling interest
Consolidated:					
Private equity funds	$—	$29,216	$—	$—	$24,182
Tax credit entities	10,000	13,836	—	10,964	10,000
Other	—	8,838	—	—	1,752
Total consolidated	$10,000	$51,890	$—	$10,964	$35,934
Unconsolidated:					
Tax credit entities	$28,100	$80,788	$40,400	$—	$—
Other	—	9,293	1,775	—	—
Total unconsolidated	$28,100	$90,081	$42,175	$—	$—

	December 31, 2012				
	Loans	Other assets	Other liabilities	Other borrowings	Non-controlling interest
Consolidated:					
Private equity funds	$—	$28,169	$—	$—	$23,691
Tax credit entities	10,000	13,965	—	10,964	10,000
Other	—	8,952	—	—	2,130
Total consolidated	$10,000	$51,086	$—	$10,964	$35,821
Unconsolidated:					
Tax credit entities	$22,354	$78,109	$43,052	$—	$—
Other	—	9,113	1,802	—	—
Total unconsolidated	$22,354	$87,222	$44,854	$—	$—

	March 31, 2012				
	Loans	Other assets	Other liabilities	Other borrowings	Non-controlling interest
Consolidated:					
Private equity funds	$—	$30,993	$—	$—	$25,842
Tax credit entities	10,000	14,353	—	10,964	10,000
Other	—	7,029	—	—	140
Total consolidated	$10,000	$52,375	$—	$10,964	$35,982
Unconsolidated:					
Tax credit entities	$11,626	$51,737	$29,093	$—	$—
Other	—	10,201	2,075	—	—
Total unconsolidated	$11,626	$61,938	$31,168	$—	$—

Other Commitments and Contingencies

At March 31, 2013, Cavanal Hill Funds' assets included $774 million of U.S. Treasury, $1.0 billion of cash management and $385 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 March 31, 2013. 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 2013 or 2012.

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. guarantees transferable Oklahoma state income tax credits by providing direct debt financing to private companies which qualify as statutory 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. During the third quarter of 2012, CVV, Inc. and credit purchasers settled the assessment related to the 2008 tax credits disallowed with no material adverse impact to the consolidated financial statements. Management does not anticipate that the remaining issue under audit will have a material adverse impact to the consolidated financial statements.

The Company agreed to guarantee rents totaling $28.7 million through September of 2017 to the City of Tulsa 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. Remaining guaranteed rents totaled $13.5 million at March 31, 2013. Current leases expire or are subject to lessee termination options at various dates in 2013 and 2014. Our obligation under the agreement would be affected by lessee decisions to exercise these options. In return for this guarantee, the Company will receive 80% of net cash flow as defined in an agreement with the City of Tulsa through September 2017 from rental of space that was vacant at the inception of the agreement. The maximum amount that the Company may receive under this agreement is $4.5 million.

The Company has agreed to purchase approximately $113 million of Oklahoma income tax credits from certain operators of zero emission power facilities from 2013 to 2022. Tax credits are generated based on power sold to unrelated third parties and are transferable for a period of ten years following the year of creation. Tax credits will be sold to qualifying taxpayers as BOK Financial is limited by statute on the amount of credits that may be utilized. The agreements may be terminated in the event of changes in federal law or Oklahoma statutes invalidating the tax credits or their transferability.

(9) Shareholders' Equity

The Company will pay a quarterly cash dividend of $0.38 per common share on or about May 31, 2013 to shareholders of record as of May 17, 2013.

Dividends declared during the three months ended March 31, 2013 and March 31, 2012 were $0.38 and $0.33 per share, respectively.

Accumulated Other Comprehensive Income (Loss)

AOCI includes unrealized gains and losses on available for sale ("AFS") securities and non-credit related unrealized losses on AFS securities for which an other-than-temporary impairment has been recorded in earnings. AOCI also includes unrealized gains on AFS securities that were transferred from AFS to investment securities in the third quarter of 2011. Such amounts are being amortized over the estimated remaining life of the security as an adjustment to yield, offsetting the related accretion of discount on the transferred securities. 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. Accumulated losses on the interest rate lock hedge of the 2005 subordinated debt issuance are being reclassified into income over the ten-year life of the debt. Gains and losses in AOCI are net of deferred income taxes.

A rollforward of the components of accumulated other comprehensive income (loss) is included as follows (in thousands):

	Unrealized Gain (Loss) on				
	Available for Sale Securities	Investment Securities Transferred from AFS	Employee Benefit Plans	Loss on Effective Cash Flow Hedges	Total
Balance, December 31, 2011	$135,740	$6,673	$(12,742)	$(692)	$128,979
Net change in unrealized gain (loss)	55,726	—	(291)	—	55,435
Reclassification adjustments included in earnings:					
Interest revenue, Investment securities, Taxable securities	—	(1,788)	—	—	(1,788)
Interest expense, Subordinated debentures	—	—	—	52	52
Net impairment losses recognized in earnings	3,722	—	—	—	3,722
Gain on available for sale securities, net	(4,331)	—	—	—	(4,331)
Other comprehensive income (loss), before income taxes	55,117	(1,788)	(291)	52	53,090
Income tax expense (benefit)[1]	(21,441)	697	113	(20)	(20,651)
Other comprehensive income (loss), net of income taxes	33,676	(1,091)	(178)	32	32,439
Balance, March 31, 2012	$169,416	$5,582	$(12,920)	$(660)	$161,418
Balance, December 31, 2012	$155,553	$3,078	$(8,296)	$(415)	$149,920
Net change in unrealized gains (losses)	(21,359)	—	—	—	(21,359)
Reclassification adjustments included in earnings:					
Interest revenue, Investment securities, Taxable securities	—	(1,148)	—	—	(1,148)
Interest expense, Subordinated debentures	—	—	—	52	52
Net impairment losses recognized in earnings	247	—	—	—	247
Gain on available for sale securities, net	(4,855)	—	—	—	(4,855)
Other comprehensive income (loss), before income taxes	(25,967)	(1,148)	—	52	(27,063)
Income tax benefit (expense)[1]	10,100	446	—	(20)	10,526
Other comprehensive income (loss), net of income taxes	(15,867)	(702)	—	32	(16,537)
Balance, March 31, 2013	$139,686	$2,376	$(8,296)	$(383)	$133,383

[1] Calculated using a 39% effective tax rate.

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(10) Earnings Per Share

(In thousands, except share and per share amounts)	Three Months Ended March 31, 2013	2012
Numerator:		
Net income attributable to BOK Financial Corp.	$87,964	$83,615
Earnings allocated to participating securities	(971)	(740)
Numerator for basic earnings per share – income available to common shareholders	86,993	82,875
Effect of reallocating undistributed earnings of participating securities	5	2
Numerator for diluted earnings per share – income available to common shareholders	$86,998	$82,877
Denominator:		
Weighted average shares outstanding	68,569,475	68,268,458
Less: Participating securities included in weighted average shares outstanding	(754,925)	(603,158)
Denominator for basic earnings per common share	67,814,550	67,665,300
Dilutive effect of employee stock compensation plans[1]	225,630	276,595
Denominator for diluted earnings per common share	68,040,180	67,941,895
Basic earnings per share	$1.28	$1.22
Diluted earnings per share	$1.28	$1.22
[1] Excludes employee stock options with exercise prices greater than current market price.	87,377	356,708

(11) Reportable Segments

Reportable segments reconciliation to the Consolidated Financial Statements for the three months ended March 31, 2013 is as follows (in thousands):

	Commercial	Consumer	Wealth Management	Funds Management and Other	BOK Financial Consolidated
Net interest revenue from external sources	$90,818	$24,095	$6,516	$48,976	$170,405
Net interest revenue (expense) from internal sources	(9,128)	5,483	$5,278	(1,633)	—
Net interest revenue	81,690	29,578	11,794	47,343	170,405
Provision for credit losses	1,021	930	519	(10,470)	(8,000)
Net interest revenue after provision for credit losses	80,669	28,648	11,275	57,813	178,405
Other operating revenue	41,432	57,141	52,603	7,898	159,074
Other operating expense	59,080	52,371	57,007	32,866	201,324
Income before taxes	63,021	33,418	6,871	32,845	136,155
Federal and state income tax	24,515	13,000	2,673	6,908	47,096
Net income	38,506	20,418	4,198	25,937	89,059
Net income attributable to non-controlling interest	—	—	—	1,095	1,095
	$38,506	$20,418	$4,198	$24,842	$87,964

Net income attributable to BOK Financial Corp.					
Average assets	$10,629,339	$5,723,958	$4,686,952	$6,473,182	$27,513,431
Average invested capital	890,844	297,074	202,310	1,607,611	2,997,839
Performance measurements:					
Return on average assets	1.47 %	1.45 %	0.36 %		1.30 %
Return on average invested capital	17.53 %	27.87 %	8.35 %		11.90 %
Efficiency ratio	47.98 %	59.31 %	89.23 %		61.04 %

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Reportable segments reconciliation to the Consolidated Financial Statements for the three months ended March 31, 2012 is as follows (in thousands):

	Commercial	Consumer	Wealth Management	Funds Management and Other	BOK Financial Consolidated
Net interest revenue from external sources	$89,492	$26,587	$7,140	$50,350	$173,569
Net interest revenue (expense) from internal sources	(12,049)	4,879	4,857	2,313	—
Net interest revenue	77,443	31,466	11,997	52,663	173,569
Provision for credit losses	6,392	1,432	650	(8,474)	—
Net interest revenue after provision for credit losses	71,051	30,034	11,347	61,137	173,569
Other operating revenue	38,792	50,240	46,393	1,856	137,281
Other operating expense	55,860	47,310	51,324	27,643	182,137
Income before taxes	53,983	32,964	6,416	35,350	128,713
Federal and state income tax	20,999	12,823	2,496	9,202	45,520
Net income	32,984	20,141	3,920	26,148	83,193
Net loss attributable to non-controlling interest	—	—	—	(422)	(422)
Net income attributable to BOK Financial Corp.	$32,984	$20,141	$3,920	$26,570	$83,615
Average assets	$10,013,866	$5,784,654	$4,168,398	$5,549,665	$25,516,583
Average invested capital	896,552	283,496	173,853	1,481,332	2,835,233
Performance measurements:					
Return on average assets	1.32%	1.40%	0.38%		1.32%
Return on average invested capital	14.80%	28.57%	9.14%		11.86%
Efficiency ratio	48.08%	62.28%	87.82%		58.76%

(12) Fair Value Measurements

Fair value is defined by applicable accounting guidance as the price to sell an asset or transfer a liability in an orderly transaction between market participants in the principal market for the given asset or liability at the measurement date based on market conditions at that date. Certain assets and liabilities are recorded in the Company's financial statements at fair value. Some are recorded on a recurring basis and some on a non-recurring basis.

For some assets and liabilities, observable market transactions and market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. A hierarchy for fair value has been established which categorizes into three levels the inputs to valuation techniques used to measure fair value. The three levels are as follows:

Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1) - fair value is based on unadjusted quoted prices in active markets for identical assets or liabilities.

Significant Other Observable Inputs (Level 2) - Fair value is based on significant other observable inputs which are generally determined based on a single price for each financial instrument provided to us by an applicable third-party pricing service and is 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 (Level 3) - Fair value is based upon model-based valuation techniques for which at least one significant assumption is not observable in the market.

Transfers between levels are recognized as of the end of the reporting period. There were no transfers in or out of quoted prices in active markets for identical instruments, significant other observable inputs or significant unobservable inputs during the three months ended March 31, 2013 and 2012, respectively.

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 all observable inputs, management may adjust prices obtained from third-party pricing services to more appropriately reflect the prices that would be received to sell assets or paid to transfer liabilities in orderly transactions in the current market. No significant adjustments were made to price provided by third-party pricing services at March 31, 2013, December 31, 2012 or March 31, 2012.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The fair value of financial assets and liabilities that are measured on a recurring basis are as follows as of March 31, 2013 (in thousands):

	Total	Quoted Prices in Active Markets for Identical Instruments		Significant Other Observable Inputs	Significant Unobservable Inputs
Assets:					
Trading securities:					
U.S. Government agency debentures	$55,358	$—		$55,358	$—
U.S. agency residential mortgage-backed securities	33,106	—		33,106	—
Municipal and other tax-exempt securities	90,710	—		90,710	—
Other trading securities	27,424	—		27,424	—
Total trading securities	206,598	—		206,598	—
Available for sale securities:					
U.S. Treasury	1,000	1,000		—	—
Municipal and other tax-exempt	85,447	—		46,440	39,007
U.S. agency residential mortgage-backed securities	9,165,212	—		9,165,212	—
Privately issued residential mortgage-backed securities	316,208	—		316,208	—
Commercial mortgage-backed securities guaranteed by U.S. government agencies	1,405,346	—		1,405,346	—
Other debt securities	36,079	—		30,886	5,193
Perpetual preferred stock	26,832	—		26,832	—
Equity securities and mutual funds	23,021	4,571		15,978	2,472
Total available for sale securities	11,059,145	5,571		11,006,902	46,672
Fair value option securities:					
U.S. agency residential mortgage-backed securities	208,900	—		208,900	—
Other securities	1,292	—		1,292	—
Total fair value option securities	210,192	—		210,192	—
Residential mortgage loans held for sale	286,211	—		286,211	—
Mortgage servicing rights[1]	109,840	—		—	109,840
Derivative contracts, net of cash margin[2]	320,473	457	[3]	320,016	—
Other assets – private equity funds	29,216	—		—	29,216
Liabilities:					
Derivative contracts, net of cash margin[2]	251,836	—	[3]	251,836	—

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.

3 Represents exchange-traded agricultural derivative contracts. Exchange-traded derivative energy contracts a net liability at March 31, 2013, fully offset by cash margin.

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The fair value of financial assets and liabilities that are measured on a recurring basis are as follows as of December 31, 2012 (in thousands):

	Total	Quoted Prices in Active Markets for Identical Instruments		Significant Other Observable Inputs	Significant Unobservable Inputs
Assets:					
Trading securities:					
U.S. Government agency debentures	$16,545	$—		$16,545	$ —
U.S. agency residential mortgage-backed securities	86,361	—		86,361	—
Municipal and other tax-exempt securities	90,326	—		90,326	—
Other trading securities	20,870	—		20,870	—
Total trading securities	214,102	—		214,102	—
Available for sale securities:					
U.S. Treasury	1,002	1,002		—	—
Municipal and other tax-exempt	87,142	—		46,440	40,702
U.S. agency residential mortgage-backed securities	9,889,821	—		9,889,821	—
Privately issued residential mortgage-backed securities	325,163	—		325,163	—
Commercial mortgage-backed securities guaranteed by U.S. government agencies	895,075	—		895,075	—
Other debt securities	36,389	—		30,990	5,399
Perpetual preferred stock	25,072	—		25,072	—
Equity securities and mutual funds	27,557	4,165		21,231	2,161
Total available for sale securities	11,287,221	5,167		11,233,792	48,262
Fair value option securities:					
U.S. agency residential mortgage-backed securities	257,040	—		257,040	—
Corporate debt securities	26,486	—		26,486	—
Other securities	770	—		770	—
Total fair value option securities	284,296	—		284,296	—
Residential mortgage loans held for sale	293,762	—		293,762	—
Mortgage servicing rights[1]	100,812	—		—	100,812
Derivative contracts, net of cash margin [2]	338,106	11,597	[3]	326,509	—
Other assets – private equity funds	28,169	—		—	28,169
Liabilities:					
Derivative contracts, net of cash margin [2]	283,589	—	[3]	283,589	—

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.

3 Represents exchange-traded energy derivative contracts. Exchange-traded derivative agricultural contracts a net liability at December 31, 2012, fully offset by cash margin.

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The fair value of financial assets and liabilities that are measured on a recurring basis are as follows as of March 31, 2012 (in thousands):

	Total	Quoted Prices in Active Markets for Identical Instruments	Significant Other Observable Inputs	Significant Unobservable Inputs
Assets:				
Trading securities:				
U.S. Government agency debentures	$27,430	$—	$27,430	$—
U.S. agency residential mortgage-backed securities	35,111	—	35,111	—
Municipal and other tax-exempt securities	60,230	—	60,230	—
Other trading securities	5,605	—	5,481	124
Total trading securities	128,376	—	128,252	124
Available for sale securities:				
U.S. Treasury	1,004	1,004	—	—
Municipal and other tax-exempt	72,234	—	30,257	41,977
U.S. agency residential mortgage-backed securities	9,677,602	—	9,677,602	—
Privately issued residential mortgage-backed securities	326,513	—	326,513	—
Other debt securities	36,777	—	30,877	5,900
Perpetual preferred stock	21,024	—	21,024	—
Equity securities and mutual funds	51,443	25,278	26,165	—
Total available for sale securities	10,186,597	26,282	10,112,438	47,877
Fair value option securities:				
U.S. agency residential mortgage-backed securities	322,180	—	322,180	—
Corporate debt securities	25,772	—	25,772	—
Total fair value option securities	347,952	—	347,952	—
Residential mortgage loans held for sale	247,039	—	247,039	—
Mortgage servicing rights[1]	98,138	—	—	98,138
Derivative contracts, net of cash margin [2]	384,996	—	[3] 384,996	—
Other assets – private equity funds	30,993	—	—	30,993
Liabilities:				
Derivative contracts, net of cash margin [2]	305,290	—	[3] 305,290	—

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.

3 Represents exchange-traded energy derivative contracts, net of cash margin.

Following is a description of the Company's valuation methodologies used for assets and liabilities measured on a recurring basis:

Securities

The fair values of trading, available for sale and fair value options 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.

The fair value of certain available for sale municipal and other debt securities 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. Significant unobservable inputs are developed by investment securities professionals involved in the active trading of similar securities. A summary of significant inputs used to value these securities follows. A management committee composed of senior members from the Company's Capital Markets, Risk Management and Finance departments assess the appropriateness of these inputs monthly.

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.

Credit risk is considered in determining the fair value of derivative instruments. Management determines fair value adjustments based on various risk factors including but not limited to counterparty credit rating or equivalent loan grading, derivative contract notional size, price volatility of the underlying commodity, duration of the derivative contracts and expected loss severity. Expected loss severity is based on historical losses for similarly risk graded commercial loan customers. Decreases in counterparty credit rating or grading and increases in price volatility and expected loss severity all tend to increase the credit quality adjustment which reduces the fair value of asset contracts. The reduction in fair value is recognized in earnings during the current period.

We also consider our own credit risk in determining the fair value of derivative contracts. Changes in our credit rating would affect the fair value of our derivative liabilities. In the event of a credit downgrade, the fair value of our derivative liabilities would increase. The change in the fair value would be recognized in earnings in the current period.

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.

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. The Company's private equity funds provide customers alternative investment opportunities as limited partners of the funds. As fund of funds, the private equity funds invest in other limited partnerships or limited liability companies that invest substantially all of their assets in U.S. companies pursuing diversified investment strategies including early-stage venture capital, distressed securities and corporate or asset buy-outs. Private equity fund assets are long-term, illiquid investments. No secondary market exists for these assets. The private equity funds typically invest in funds that provide no redemption rights to investors. The fair value of the private equity investments may only be realized through cash distributions from the underlying funds.

The following represents the changes for the three months ended March 31, 2013 related to assets measured at fair value on a recurring basis using significant unobservable inputs (in thousands):

	Available for Sale Securities			
	Municipal and other tax-exempt	Other debt securities	Equity securities and mutual funds	Other assets – private equity funds
Balance, Dec. 31, 2012	$40,702	$5,399	$2,161	$28,169
Purchases and capital calls	—	—	—	492
Redemptions and distributions	(98)	—	—	(830)

Gain (loss) recognized in earnings:				
Gain on other assets, net	—	—	—	1,385
Gain on available for sale securities, net	—	—	—	—
Other-than-temporary impairment losses	—	—	—	—
Other comprehensive gain (loss)	(1,597)	(206)	311	—
Balance, March 31, 2013	$39,007	$5,193	$2,472	$29,216

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The following represents the changes for the three months ended March 31, 2012 related to assets measured at fair value on a recurring basis using significant unobservable inputs (in thousands):

	Available for Sale Securities		
	Municipal and other tax-exempt	Other debt securities	Other assets – private equity funds
Balance, Dec. 31, 2011	$42,353	$5,900	$30,902
Purchases, and capital calls	—	—	1,089
Redemptions and distributions	(100)	—	(607)
Gain (loss) recognized in earnings			
Gain (loss) on other assets, net	—	—	(391)
Gain on available for sale securities, net	1	—	—
Other-than-temporary impairment losses	—	—	—
Other comprehensive (loss)	(277)	—	—
Balance, March 31, 2012	$41,977	$5,900	$30,993

A summary of quantitative information about assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) as of March 31, 2013 follows (in thousands):

Quantitative Information about Level 3 Recurring Fair Value Measurements

	Par Value	Amortized Cost[6]	Fair Value	Valuation Technique(s)	Unobservable Input	Range (Weighted Average)
Available for sale securities						
Municipal and other tax-exempt securities						
Investment grade	$28,470	$28,374	$27,120	Discounted cash flows[1]	Interest rate spread	5.00%-5.50% (5.25%)[2] 95.01%-95.59% (95.26%)[3]
Below investment grade	17,000	12,384	11,887	Discounted cash flows[1]	Interest rate spread	8.80%-11.20% (9.54%)[4] 69.86%-70.04% (69.92%)[3]
Total municipal and other tax-exempt securities	45,470	40,758	39,007			
Other debt securities	5,400	5,400	5,193	Discounted cash flows[1]	Interest rate spread	5.44%-5.71% (5.68%)[5] 96.16% (96.16%)[3]
Equity securities and mutual funds	N/A	2,420	2,472	Tangible book value per share of publicly traded financial institutions of	Peer group tangible book per share and liquidity discount.	N/A[7]

				similar size, less liquidity discount.		
Other assets - private equity funds	N/A	N/A	29,216	Net asset value reported by underlying fund	Net asset value reported by underlying fund	N/A

1 Discounted cash flows developed using discount rates primarily based on reference to interest rate spreads for comparable securities of similar duration and credit rating as determined by the nationally-recognized rating agencies, adjusted for lack of trading volume

2 Interest rate yields used to value investment grade tax-exempt securities represent a spread of 458 to 519 basis points over average yields for comparable tax-exempt securities.

3 Represents fair value as a percentage of par value

4 Interest rate yields determined using a spread of 700 basis points over comparable municipal securities of varying durations.

5 Interest rate yields used to value investment grade taxable securities based on comparable short-term taxable securities which are generally yielding less than 1%.

6 Amortized cost reduced by other-than-temporary impairments recorded in earnings. See Note 2 for additional discussion.

7 Fair value of shares of a smaller privately-held financial institution were valued using the tangible book value per share of similarly sized financial institutions within the immediate geographical market with a discount of 20% due to the liquidity of the shares.

The fair value of these securities measured at fair value using significant unobservable inputs are sensitive primarily to changes in interest rate spreads. At March 31, 2013, for tax-exempt securities rated investment grade by all nationally-recognized rating agencies, a 100 basis point increase in the spreads over average yields for comparable securities would result in an additional decrease in the fair value of $262 thousand. For taxable securities rated investment grade by all nationally-recognized rating agencies, a 100 basis point increase in the spreads over average yield for comparable securities would result in an additional decrease in the fair value of $50 thousand. For municipal and other tax-exempt securities rated below investment grade by at least one of the nationally-recognized rating agencies, a 100 basis point increase in the spread over average yields for comparable securities would result in an additional decrease in the fair value of these securities of $343 thousand.

A summary of quantitative information about Recurring Fair Value Measurements based on Significant Unobservable Inputs (Level 3) as of December 31, 2012 follows (in thousands):
Quantitative Information about Level 3 Recurring Fair Value Measurements

	Par Value	Amortized Cost[6]	Fair Value	Valuation Technique(s)		Unobservable Input	Range (Weighted Average)	
Available for sale securities								
Municipal and other tax-exempt securities								
Investment grade	$28,570	$28,473	$28,318	Discounted cash flows	1	Interest rate spread	1.00%-1.50% (1.25%) 98.83%-99.43% (99.12%)	2 3
Below investment grade	17,000	12,384	12,384	Discounted cash flows	1	Interest rate spread	7.21%-9.83% (7.82%) 72.79%-73.00% (72.85%)	4 3
Total municipal and other tax-exempt securities	45,570	40,857	40,702					
Other debt securities	5,400	5,400	5,399	Discounted cash flows	1	Interest rate spread	1.65%-1.71% (1.70%) 100% (100%)	5 3
Equity securities and mutual funds	N/A	2,161	2,161	Tangible book value per share of publicly traded financial institutions of similar size, less liquidity discount.		Peer group tangible book per share and liquidity discount.	N/A	7
Other assets - private equity funds	N/A	N/A	28,169	Net asset value reported by underlying fund		Net asset value reported by underlying fund	N/A	

1

Discounted cash flows developed using discount rates primarily based on reference to interest rate spreads for comparable securities of similar duration and credit rating as determined by the nationally-recognized rating agencies, adjusted for lack of trading volume

[2] Interest rate yields used to value investment grade tax-exempt securities represent a spread of 75 to 80 basis points over average yields for comparable tax-exempt securities.

[3] Represents fair value as a percentage of par value

[4] Interest rate yields determined using a spread of 700 basis points over comparable municipal securities of varying durations.

[5] Interest rate yields used to value investment grade taxable securities based on comparable short-term taxable securities which are generally yielding less than 1%.

[6] Amortized cost reduced by other-than-temporary impairments recorded in earnings. See Note 2 for additional discussion.

[7] Fair value of share of a smaller privately-held financial institution were valued using the tangible book value per share of similarly sized financial institutions within the immediate geographical market with a discount of 20% due to the liquidity of the shares.

A summary of quantitative information about Recurring Fair Value Measurements based on Significant Unobservable Inputs (Level 3) as of March 31, 2012 follows (in thousands):

Quantitative Information about Level 3 Recurring Fair Value Measurements

	Par Value	Amortized Cost[6]	Fair Value	Valuation Technique(s)		Unobservable Input	Range (Weighted Average)	
Available for sale securities Municipal and other tax-exempt securities								
Investment grade	$29,100	$28,997	$28,853	Discounted cash flows	1	Interest rate spread	1.00%-1.50% (1.25%) 98.88%-99.49% (99.14%)	2 3
Below investment grade	17,000	13,396	13,124	Discounted cash flows	1	Interest rate spread	6.18%-9.37% (6.95%) 74.96%-75.19% (75.03%)	4 3
Total municipal and other tax-exempt securities	46,100	42,393	41,977					
Other debt securities	5,900	5,900	5,900	Discounted cash flows	1	Interest rate spread	1.47%-1.74% (1.72%) 99% (99%)	5 3
Other assets - private equity funds	N/A	N/A	30,993	Net asset value reported by underlying fund		Net asset value reported by underlying fund	N/A	

1 Discounted cash flows developed using discount rates primarily based on reference to interest rate spreads for comparable securities of similar duration and credit rating as determined by the nationally-recognized rating agencies, adjusted for lack of trading volume

2 Interest rate yields used to value investment grade tax-exempt securities represent a spread of 75 to 80 basis points over average yields for comparable tax-exempt securities.

3 Represents fair value as a percentage of par value

4 Interest rate yields determined using a spread of 600 basis points over comparable municipal securities of varying durations.

5 Interest rate yields used to value investment grade taxable securities based on comparable short-term taxable securities which are generally yielding less than 1%.

6 Amortized cost reduced by other-than-temporary impairments recorded in earnings. See Note 2 for additional discussion.

Fair Value of Assets and Liabilities 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 with a balance at March 31, 2013 for which the fair value was adjusted during the three months ended March 31, 2013:

	Carrying Value at March 31, 2013			Fair Value Adjustments for the three months ended March 31, 2013 Recognized in:	
	Quoted Prices in Active Markets for Identical Instruments	Significant Other Observable Inputs	Significant Unobservable Inputs	Gross charge-offs against allowance for loan losses	Net losses and expenses of repossessed assets, net
Impaired loans	$—	$14,448	$2,197	$7,485	$—
Real estate and other repossessed assets	—	5,166	607	—	661

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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 with a balance at March 31, 2012 for which the fair value was adjusted during the three months ended March 31, 2012:

	Carrying Value at March 31, 2012			Fair Value Adjustments for the three months ended March 31, 2012 Recognized in:	
	Quoted Prices in Active Markets for Identical Instruments	Significant Other Observable Inputs	Significant Unobservable Inputs	Gross charge-offs against allowance for loan losses	Net losses and expenses of repossessed assets, net
Impaired loans	$—	$21,147	$1,982	$8,483	$—
Real estate and other repossessed assets	—	15,155	3,948	—	2,406

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. Non-recurring fair value measurements of collateral-dependent impaired loans and real estate and other repossessed assets based on significant unobservable inputs are generally due to estimate of current fair values between appraisal dates. Significant unobservable inputs include listing prices for the same or comparable assets, uncorroborated expert opinions or management's knowledge of the collateral or industry. These inputs are developed by asset management and workout professional and approved by senior Credit Administration executives.

A summary of quantitative information about Non-recurring Fair Value Measurements based on Significant Unobservable Inputs (Level 3) as of March 31, 2013 follows (in thousands):
Quantitative Information about Level 3 Non-recurring Fair Value Measurements

	Fair Value	Valuation Technique(s)	Unobservable Input	Range (Weighted Average)
Impaired loans	$2,197	Appraised value, as adjusted	Broker quotes and management's knowledge of industry and collateral.	N/A
Real estate and other repossessed assets	607	Listing value, less cost to sell	Marketability adjustments off appraised value	73%-85% (77%)

A summary of quantitative information about Non-recurring Fair Value Measurements based on Significant Unobservable Inputs (Level 3) as of March 31, 2012 follows (in thousands):
Quantitative Information about Level 3 Non-recurring Fair Value Measurements

	Fair Value	Valuation Technique(s)	Unobservable Input	Range (Weighted Average)
Impaired loans	$1,982	Appraised value, as	Broker quotes and management's knowledge of industry and	N/A

		adjusted	collateral.	
Real estate and other repossessed assets	3,948	Listing value, less cost to sell	Marketability adjustments off appraised value	64%-85% (77%)[1]

1 Marketability adjustments include consideration of estimated costs to sell which is approximately 15% of fair value. In addition, $743 thousand of real estate and other repossessed assets at March 31, 2012 are based on expert opinions or management's knowledge of the collateral or industry and do not have and independently appraised value.

Fair Value of Financial Instruments

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 March 31, 2013 (dollars in thousands):

	Carrying Value	Range of Contractual Yields	Average Re-pricing (in years)	Discount Rate	Estimated Fair Value
Cash and cash equivalents	$945,617				$945,617
Trading securities:					
U.S. Government agency debentures	55,358				55,358
U.S. agency residential mortgage-backed securities	33,106				33,106
Municipal and other tax-exempt securities	90,710				90,710
Other trading securities	27,424				27,424
Total trading securities	206,598				206,598
Investment securities:					
Municipal and other tax-exempt	339,003				341,940
U.S. agency residential mortgage-backed securities	72,968				76,851
Other debt securities	177,300				196,403
Total investment securities	589,271				615,194
Available for sale securities:					
U.S. Treasury	1,000				1,000
Municipal and other tax-exempt	85,447				85,447
U.S. agency residential mortgage-backed securities	9,165,212				9,165,212
Privately issued residential mortgage-backed securities	316,208				316,208
Commercial mortgage-backed securities guaranteed by U.S. government agencies	1,405,346				1,405,346
Other debt securities	36,079				36,079
Perpetual preferred stock	26,832				26,832
Equity securities and mutual funds	23,021				23,021
Total available for sale securities	11,059,145				11,059,145
Fair value option securities:					
U.S. agency residential mortgage-backed securities	208,900				208,900
Other securities	1,292				1,292
Total fair value option securities	210,192				210,192
Residential mortgage loans held for sale	286,211				286,211
Loans:					
Commercial	7,418,305	0.25 - 30.00	0.66	0.55 - 3.69	7,372,375
Commercial real estate	2,285,160	0.38 - 18.00	0.84	1.19 - 3.21	2,266,433
Residential mortgage	2,012,450	0.38 - 18.00	3.53	0.74 - 3.29	2,062,801
Consumer	377,649	0.38 - 21.00	0.31	1.28 - 3.53	371,771
Total loans	12,093,564				12,073,380
Allowance for loan losses	(205,965)				—
Net loans	11,887,599				12,073,380

Mortgage servicing rights	109,840					109,840
Derivative instruments with positive fair value, net of cash margin	320,473					320,473
Other assets – private equity funds	29,216					29,216
Deposits with no stated maturity	16,960,237					16,960,237
Time deposits	2,900,054	0.03 - 9.64	2.14	0.78 - 1.15		2,958,570
Other borrowed funds	3,393,416	0.13 - 5.25	—	0.13 - 2.67		3,398,902
Subordinated debentures	347,674	0.98 - 5.00	3.33	2.22	%	345,527
Derivative instruments with negative fair value, net of cash margin	251,836					251,836

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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, 2012 (dollars in thousands):

	Carrying Value	Range of Contractual Yields	Average Re-pricing (in years)	Discount Rate	Estimated Fair Value
Cash and cash equivalents	$1,286,239				$1,286,239
Trading securities:					
U.S. Government agency debentures	16,545				16,545
U.S. agency residential mortgage-backed securities	86,361				86,361
Municipal and other tax-exempt securities	90,326				90,326
Other trading securities	20,870				20,870
Total trading securities	214,102				214,102
Investment securities:					
Municipal and other tax-exempt	232,700				235,940
U.S. agency residential mortgage-backed securities	82,767				85,943
Other debt securities	184,067				206,575
Total investment securities	499,534				528,458
Available for sale securities:					
U.S. Treasury	1,002				1,002
Municipal and other tax-exempt	87,142				87,142
U.S. agency residential mortgage-backed securities	9,889,821				9,889,821
Privately issued residential mortgage-backed securities	325,163				325,163
Commercial mortgage-backed securities guaranteed by U.S. government agencies	895,075				895,075
Other debt securities	36,389				36,389
Perpetual preferred stock	25,072				25,072
Equity securities and mutual funds	27,557				27,557
Total available for sale securities	11,287,221				11,287,221
Fair value option securities:					
U.S. agency residential mortgage-backed securities	257,040				257,040
Corporate debt securities	26,486				26,486
Other securities	770				770
Total fair value option securities	284,296				284,296
Residential mortgage loans held for sale	293,762				293,762
Loans:					
Commercial	7,641,912	0.21 - 30.00	0.69	0.51 - 3.59	7,606,505
Commercial real estate	2,228,999	0.21 - 18.00	0.92	1.26 - 3.18	2,208,217
Residential mortgage	2,045,040	0.38 - 18.00	3.34	0.86 - 3.09	2,110,773
Consumer	395,505	0.38 - 21.00	0.32	1.37 - 3.60	388,748
Total loans	12,311,456				12,314,243
Allowance for loan losses	(215,507)				—
Net loans	12,095,949				12,314,243
Mortgage servicing rights	100,812				100,812

Derivative instruments with positive fair value, net of cash margin	338,106					338,106
Other assets – private equity funds	28,169					28,169
Deposits with no stated maturity	18,211,068					18,211,068
Time deposits	2,967,992	0.01 - 9.64	2.15	0.80 - 1.15		3,037,708
Other borrowed funds	2,706,221	0.09 - 5.25	—	0.09 - 2.67		2,696,574
Subordinated debentures	347,633	1.00 - 5.00	3.56	2.40	%	345,675
Derivative instruments with negative fair value, net of cash margin	283,589					283,589

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 March 31, 2012 (dollars in thousands):

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	Carrying Value	Range of Contractual Yields	Average Re-pricing (in years)	Discount Rate	Estimated Fair Value
Cash and cash equivalents	$706,306				$706,306
Trading securities:					
U.S. Government agency debentures	27,430				27,430
U.S. agency residential mortgage-backed securities	35,111				35,111
Municipal and other tax-exempt securities	60,230				60,230
Other trading securities	5,605				5,605
Total trading securities	128,376				128,376
Investment securities:					
Municipal and other tax-exempt	130,919				135,314
U.S. agency residential mortgage-backed securities	112,909				113,958
Other debt securities	183,431				202,171
Total investment securities	427,259				451,443
Available for sale securities:					
U.S. Treasury	1,004				1,004
Municipal and other tax-exempt	72,234				72,234
U.S. agency residential mortgage-backed securities	9,677,602				9,677,602
Privately issued residential mortgage-backed securities	326,513				326,513
Other debt securities	36,777				36,777
Perpetual preferred stock	21,024				21,024
Equity securities and mutual funds	51,443				51,443
Total available for sale securities	10,186,597				10,186,597
Fair value option securities:					
U.S. agency residential mortgage-backed securities	322,180				322,180
Corporate debt securities	25,772				25,772
Total fair value option securities	347,952				347,952
Residential mortgage loans held for sale	247,039				247,039
Loans:					
Commercial	6,943,585	0.25 - 30.00	0.52	0.58 - 3.92	6,879,803
Commercial real estate	2,252,299	0.38 - 18.00	1.30	0.29 - 3.45	2,254,289
Residential mortgage	1,968,926	0.38 - 18.00	3.52	1.06 - 3.86	2,002,946
Consumer	412,634	0.38 - 21.00	0.38	1.73 - 3.78	398,149
Total loans	11,577,444				11,535,187
Allowance for loan losses	(244,209)				—
Net loans	11,333,235				11,535,187
Mortgage servicing rights	98,138				98,138
Derivative instruments with positive fair value, net of cash margin	384,996				384,996
Other assets – private equity funds	30,993				30,993
Deposits with no stated maturity	15,357,188				15,357,188
Time deposits	3,166,099	0.01 - 9.64	2.24	0.94 - 1.44	3,221,842
Other borrowed funds	3,156,717	0.25 - 5.25	—	0.09 - 2.70	3,153,280

Subordinated debentures	394,760	5.19 - 5.82	1.22	2.99	%	405,589
Derivative instruments with negative fair value, net of cash margin	305,290					305,290

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 generally based on Significant Other Observable Inputs such as quoted prices for comparable instruments or interest rates and credit spreads, yield curves, volatilities prepayment speeds and loss severities.

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 which are classified as Significant Unobservable Inputs. The fair values of loans were estimated to approximate their discounted cash flows less loan loss allowances allocated to these loans of $163 million at March 31, 2013, $171 million at December 31, 2012 and $200 million at March 31, 2012.

Deposits

The fair values of time deposits are based on discounted cash flow analyses using interest rates currently being offered on similar transactions which are considered Significant Unobservable Inputs. 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 the tables above.

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 which are considered Significant Unobservable Inputs

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 March 31, 2013, December 31, 2012 or March 31, 2012.

Fair Value Election

As more fully disclosed in Note 2 and Note 6 to the Consolidated Financial Statements, the Company has elected to carry all residential mortgage-backed securities which have been designated as economic hedges against changes in the fair value of mortgage servicing rights, certain corporate debt securities economically hedged by derivative contracts to manage interest rate risk and all residential mortgage loans originated 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 March 31, 2013	2012
Amount:		
Federal statutory tax	$47,654	$45,050
Tax exempt revenue	(1,742)	(1,264)
Effect of state income taxes, net of federal benefit	3,378	2,998
Utilization of tax credits	(1,722)	(1,097)
Bank-owned life insurance	(885)	(979)
Other, net	413	812
Total	$47,096	$45,520

	Three Months Ended March 31, 2013	2012
Percent of pretax income:		
Federal statutory tax	35%	35%
Tax exempt revenue	(1)	(1)
Effect of state income taxes, net of federal benefit	3	2
Utilization of tax credits	(1)	(1)
Bank-owned life insurance	(1)	(1)
Other, net	—	1
Total	35%	35%

(14) Subsequent Events

The Company evaluated events from the date of the consolidated financial statements on March 31, 2013 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.

Quarterly Financial Summary – Unaudited
Consolidated Daily Average Balances, Average Yields and Rates

(In Thousands, Except Per Share Data)	Three Months Ended							
	March 31, 2013				December 31, 2012			
	Average Balance	Revenue/ Expense[1]	Yield/ Rate		Average Balance	Revenue/ Expense[1]	Yield/ Rate	
Assets								
Funds sold and resell agreements	$25,418	$2	0.03	%	$19,553	$3	0.06	%
Trading securities	162,353	707	1.77	%	165,109	441	1.06	%
Investment securities								
Taxable[3]	258,196	3,798	5.97	%	271,957	4,008	5.86	%
Tax-exempt[3]	276,576	1,483	2.42	%	202,128	1,379	2.93	%
Total investment securities	534,772	5,281	4.22	%	474,085	5,387	4.67	%
Available for sale securities								
Taxable[3]	11,205,566	55,019	2.07	%	11,394,797	56,514	2.08	%
Tax-exempt[3]	86,615	907	4.25	%	87,415	836	3.80	%
Total available for sale securities[3]	11,292,181	55,926	2.09	%	11,482,212	57,350	2.10	%
Fair value option securities	251,725	1,165	2.05	%	292,490	772	1.58	%
Residential mortgage loans held for sale	216,816	1,792	3.35	%	272,581	2,323	3.39	%
Loans[2]	12,224,960	126,745	4.20	%	11,989,319	130,510	4.33	%
Less allowance for loan losses	214,017				229,095			
Loans, net of allowance	12,010,943	126,745	4.28	%	11,760,224	130,510	4.41	%
Total earning assets[3]	24,494,208	191,618	3.24	%	24,466,254	196,786	3.30	%
Cash and other assets	3,019,223				3,030,522			
Total assets	$27,513,431				$27,496,776			
Liabilities and equity								
Interest-bearing deposits:								
Transaction	$9,836,204	$3,146	0.13	%	$9,343,421	$3,496	0.15	%
Savings	296,319	120	0.16	%	278,714	124	0.18	%
Time	2,913,999	11,615	1.62	%	3,010,367	13,588	1.80	%
Total interest-bearing deposits	13,046,522	14,881	0.46	%	12,632,502	17,208	0.54	%
Funds purchased	1,155,983	364	0.13	%	1,295,442	477	0.15	%
Repurchase agreements	878,679	146	0.07	%	900,131	197	0.09	%
Other borrowings	863,360	1,044	0.49	%	364,425			