

Ganim Randall E
 Form 4
 August 07, 2009

FORM 4

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

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 Ganim Randall E

2. Issuer Name and Ticker or Trading Symbol
 CENTRUE FINANCIAL CORP
 [TRUE]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
 7700 BONHOMME AVENUE
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
 08/06/2009

Director 10% Owner
 Officer (give title below) Other (specify below)

ST. LOUIS, MO 63105

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				(A) or (D)	Price		
				Code	V	Amount	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)
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(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8)	Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)						
			Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount Number Shares
PHANTOM STOCK	Ⓣ	08/06/2009	A		136.3636		Ⓣ	Ⓣ	COMMON STOCK	136.
PHANTOM STOCK	Ⓣ	08/07/2009	A		154.6392		Ⓣ	Ⓣ	COMMON STOCK	154.

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Ganim Randall E 7700 BONHOMME AVENUE ST. LOUIS, MO 63105			X	

Signatures

RANDALL E.
GANIM
08/07/2009
**Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) THE SHARES OF PHANTOM STOCK BECOME PAYABLE, IN CASH OR COMMON STOCK, AT THE ELECTION OF THE REPORTING PERSON, UPON THE REPORTING PERSON'S TERMINATION OF SERVICE AS A DIRECTOR.
- (2) REPORTING PERSON ALSO HOLDS 39,077 SHARES AND 21,000 STOCK OPTIONS GRANTED UNDER THE ISSUER'S STOCK OPTION PLAN.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. ;padding-left:2px;padding-top:2px;padding-bottom:2px;padding-right:2px;">

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—

—

Other real estate loans

—

—

—

—

668

668

Total commercial real estate

—

5,729

5,729

—

4,268

4,268

Residential mortgage:

Explanation of Responses:

Permanent mortgage

—

2,692

2,692

457

146

603

Permanent mortgage guaranteed by U.S. government agencies

17,251

—

17,251

11,877

381

12,258

Home equity

—

—

Explanation of Responses:

—

—

—

—

Total residential mortgage
17,251

2,692

19,943

12,334

527

12,861

Consumer:

Indirect automobile

—

—

—

—

—

—

Other consumer

—

462

462

—

19

19

Total consumer

—

462

462

—

Explanation of Responses:

19

19

Total
\$
17,251

\$
10,643

\$
27,894

\$
12,334

\$
5,287

\$
17,621

A payment default is defined as being 30 days or more past due subsequent to the loan modification. Loans that experienced a payment default during the years ended December 31, 2012 and 2011 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.

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Explanation of Responses:

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 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 December 31, 2011 is as follows (in thousands):

	Current	Past Due 30 to 89 Days	90 Days or More	Nonaccrual	Total
Commercial:					
Energy	\$2,003,192	\$1,065	\$448	\$336	\$2,005,041
Services	1,729,775	13,608	1,187	16,968	1,761,538
Wholesale/retail	945,776	470	—	21,180	967,426
Manufacturing	313,028	654	—	23,051	336,733
Healthcare	971,265	1,362	47	5,486	978,160
Integrated food services	204,306	—	5	—	204,311
Other commercial and industrial	298,105	1,966	—	1,790	301,861
Total commercial	6,465,447	19,125	1,687	68,811	6,555,070
Commercial real estate:					
Construction and land development	278,901	1,279	—	61,874	342,054
Retail	502,167	372	—	6,863	509,402
Office	394,227	239	—	11,457	405,923
Multifamily	365,477	38	—	3,513	369,028
Industrial	278,186	—	—	—	278,186
Other real estate loans	367,643	3,444	137	15,486	386,710
Total commercial real estate	2,186,601	5,372	137	99,193	2,291,303
Residential mortgage:					
Permanent mortgage	1,113,907	17,259	601	25,366	1,157,133
Permanent mortgages guaranteed by U.S. government agencies	21,568	11,868	151,537	—	184,973
Home equity	624,942	3,036	42	4,401	632,421
Total residential mortgage	1,760,417	32,163	152,180	29,767	1,974,527
Consumer:					
Indirect automobile	98,345	4,581	29	2,194	105,149
Other consumer	340,087	2,286	—	1,321	343,694
Total consumer	438,432	6,867	29	3,515	448,843
Total	\$10,850,897	\$63,527	\$154,033	\$201,286	\$11,269,743

(5) Premises and Equipment

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

	December 31,	
	2012	2011
Land	\$73,616	\$73,638
Buildings and improvements	244,524	232,440
Software	89,183	82,801
Furniture and equipment	158,020	141,743
Subtotal	565,343	530,622
Less accumulated depreciation	299,423	267,887
Total	\$265,920	\$262,735

Depreciation expense of premises and equipment was \$33 million, \$32 million and \$33 million for the years ended December 31, 2012, 2011 and 2010, respectively.

(6) Goodwill and Intangible Assets

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. Milestone manages approximately \$1.4 billion in equity and fixed income securities for customers at December 31, 2012.

The purchase price for these acquisitions totaled \$37 million, including \$24 million paid in cash and \$13 million of contingent consideration. The purchase price allocation included \$21 million of identifiable intangible assets and \$26 million of goodwill. Certain issues with regards to deferred income taxes have not yet been finalized, and the outcome may result in an adjustment to goodwill. The pro-forma impact of these transactions was not material to the Company's consolidated financial statements.

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

	December 31,	
	2012	2011
Core deposit premiums	\$109,417	\$109,417
Less accumulated amortization	107,848	107,023
Net core deposit premiums	1,569	2,394
Other identifiable intangible assets	38,191	17,291
Less accumulated amortization	11,568	9,466
Net other identifiable intangible assets	26,623	7,825
Total intangible assets, net	\$28,192	\$10,219

The net amortized cost of identifiable intangible assets assigned to the Company's geographic markets as follows (in thousands):

	December 31, 2012	2011
Core deposit premiums:		
Texas	\$ 1,192	\$ 1,817
Colorado	377	548
Arizona	—	29
Total core deposit premiums	\$ 1,569	\$ 2,394
Other identifiable intangible assets:		
Oklahoma	9,857	5,548
Colorado	15,976	1,487
Kansas/Missouri	790	790
Total other identifiable intangible assets	26,623	7,825
Total intangible assets, net	\$ 28,192	\$ 10,219

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

	Core Deposit Premiums	Other Identifiable Intangible Assets	Total
2013	\$ 475	\$ 3,306	\$ 3,781
2014	432	2,300	2,732
2015	393	2,176	2,569
2016	247	2,064	2,311
2017	22	1,731	1,753
Thereafter	—	15,046	15,046
	\$ 1,569	\$ 26,623	\$ 28,192

Goodwill assigned to the Company's geographic markets as follows (in thousands):

	December 31, 2012	2011
Goodwill:		
Oklahoma	\$ 12,607	\$ 8,173
Texas	240,122	240,122
New Mexico	15,273	15,273
Colorado	77,555	55,611
Arizona	16,422	16,422
Total goodwill	\$ 361,979	\$ 335,601

The changes in the carrying value of goodwill by operating segment for year ended December 31, 2012 is as follows (in thousands):

	Commercial	Consumer	Wealth Management	Total
Balance, December 31, 2011				
Goodwill	\$266,728	\$39,251	\$29,850	\$335,829
Accumulated impairment losses	—	(228	) —	(228
	266,728	39,023	29,850	335,601
Goodwill acquired during 2012	4,434	—	21,944	26,378
Balance, December 31, 2012				
Goodwill	271,162	39,251	51,794	362,207
Accumulated Impairment	—	(228	) —	(228
	\$271,162	\$39,023	\$51,794	\$361,979

There were no changes in the carrying value of goodwill during the year ended December 31, 2011.

The annual goodwill evaluations for 2012 and 2011 did not indicate impairment for any reporting unit. Economic conditions did not indicate that impairment existed for any identifiable intangible assets and therefore no impairment evaluation was performed.

(7) 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):

	December 31, 2012		December 31, 2011	
	Unpaid Principal Balance/Notional	Fair Value	Unpaid Principal Balance/Notional	Fair Value
Residential mortgage loans held for sale	\$269,718	\$281,935	\$177,319	\$184,816
Residential mortgage loan commitments	356,634	12,733	189,770	6,597
Forward sales contracts	598,442	(906	) 349,447	(3,288
		\$293,762		\$188,125

No residential mortgage loans held for sale were 90 days or more past due or considered impaired as of December 31, 2012 or December 31, 2011. No credit losses were recognized on residential mortgage loans held for sale for years ended December 31, 2012, 2011 and 2010.

Mortgage banking revenue was as follows (in thousands):

	Year Ended December 31,		
	2012	2011	2010
Originating and marketing revenue:			
Residential mortgages loan held for sale	\$120,599	\$57,418	\$45,243
Residential mortgage loan commitments	6,136	4,345	1,755
Forward sales contracts	2,382	(9,781	) 2,440
Total originating and marketing revenue	129,117	51,982	49,438
Servicing revenue	40,185	39,661	38,162
Total mortgage banking revenue	\$169,302	\$91,643	\$87,600

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):

	December 31, 2012	December 31, 2011	December 31, 2010	
Number of residential mortgage loans serviced for others	98,246	95,841	96,443	
Outstanding principal balance of residential mortgage loans serviced for others	\$11,981,624	\$11,300,986	\$11,194,582	
Weighted average interest rate	4.71	% 5.19	% 5.44	%

Remaining term (in months)	289	290	292
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Activity in capitalized mortgage servicing rights during the three years ended December 31, 2012 is as follows (in thousands):

	Purchased	Originated	Total
Balance, December 31, 2009	\$7,828	\$65,996	\$73,824
Additions, net	31,321	27,603	58,924
Gain on purchase of mortgage servicing rights	11,832	—	11,832
Change in fair value due to loan runoff	(6,791)	(13,895)	(20,686)
Change in fair value due to market changes	(6,290)	(1,881)	(8,171)
Balance, December 31, 2010	\$37,900	\$77,823	\$115,723
Additions, net	—	26,251	26,251
Change in fair value due to loan runoff	(4,699)	(10,045)	(14,744)
Change in fair value due to market changes	(14,298)	(26,149)	(40,447)
Balance, December 31, 2011	\$18,903	\$67,880	\$86,783
Additions, net	—	42,191	42,191
Change in fair value due to loan runoff	(4,164)	(14,788)	(18,952)
Change in fair value due to market changes	(1,763)	(7,447)	(9,210)
Balance, December 31, 2012	\$12,976	\$87,836	\$100,812

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

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 inputs were as follows:

	December 31, 2012	December 31, 2011
Discount rate – risk-free rate plus a market premium	10.29%	10.34%
Prepayment rate – based upon loan interest rate, original term and loan type	8.38% - 43.94%	10.88% - 49.68%
Loan servicing costs – annually per loan based upon loan type:		
Performing loans	\$55 - \$105	\$55 - \$105
Delinquent loans	\$135 - \$500	\$50 - \$250
Loans in foreclosure	\$875 - \$4,250	\$500 - \$3,000
Escrow earnings rate – indexed to rates paid on deposit accounts with comparable average life	0.87%	1.21%

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.

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Stratification of the residential mortgage loan servicing portfolio and outstanding principal of loans serviced for others by interest rate at December 31, 2012 follows (in thousands):

	< 4.00%	4.00% - 4.99%	5.00% - 5.99%	> 5.99%	Total	
Fair value	\$33,456	\$40,560	\$21,472	\$5,324	\$100,812	
Outstanding principal of loans serviced for others	\$3,351,636	\$3,982,534	\$3,030,001	\$1,617,453	\$11,981,624	
Weighted average prepayment rate ¹	8.38	% 9.83	% 24.07	% 43.94	% 17.63	%

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 December 31, 2012, a 50 basis point increase in mortgage interest rates is expected to decrease the fair value of our mortgage servicing rights, net of economic hedge by \$139 thousand. A 50 basis point decrease in mortgage interest rates is expected to decrease the fair value of our mortgage servicing rights, net of economic hedge by \$2.6 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 December 31, 2012 follows (in thousands):

	Current	Past Due			Total
		30 to 59 Days	60 to 89 Days	90 Days or More	
FHLMC	\$4,668,434	\$41,298	\$12,981	\$39,509	\$4,762,222
FNMA	2,622,914	18,803	5,393	18,991	2,666,101
GNMA	3,903,284	130,869	35,408	18,958	4,088,519
Other	447,142	9,288	2,128	6,224	464,782
Total	\$11,641,774	\$200,258	\$55,910	\$83,682	\$11,981,624

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 \$227 million at December 31, 2012 and \$259 million at December 31, 2011. At December 31, 2012, approximately 5% of the loans sold with recourse with an outstanding principal balance of \$12 million were either delinquent more than 90 days, in bankruptcy or in foreclosure and 5% with an outstanding balance of \$12 million were past due 30 to 89 days. A separate accrual for these off-balance sheet commitment is included in Other liabilities in the Consolidated Balance Sheets. 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 accrual for losses on loans sold with recourse included in Other liabilities in the Consolidated Balance Sheets is summarized as follows (in thousands):

Year Ended December 31,		
2012	2011	2010

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Beginning balance	\$ 18,683	\$ 16,667	\$ 13,781
Provision for recourse losses	(1,891) 8,611	7,895
Loans charged off, net	(5,433	) (6,595	) (5,009
Ending balance	\$ 11,359	\$ 18,683	\$ 16,667

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

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Statements of Earnings. For 2012, the Company has repurchased 39 loans from the agencies for \$4.8 million and recognized \$1.3 million of related losses. In addition, the Company has paid indemnification for 2 loans and recognized \$86 thousand of related losses during 2012. While the level of repurchases and indemnifications related to standard representations and warranties has remained low, the severity of the losses trended higher during the year. Accordingly, the Company increased its accrual for credit losses related to potential loan repurchases under representations and warranties during the year.

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

	December 31,	
	2012	2011
Number of unresolved deficiency requests	389	247
Aggregate outstanding principal balance subject to unresolved deficiency requests	\$44,831	\$36,978
Unpaid principal balance subject to indemnification by the Company	1,233	870
Accrual for credit losses related to potential loan repurchases under representations and warranties	5,291	2,216
(8) Deposits		

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

	December 31,		
	2012	2011	2010
Transaction deposits	\$14,300	\$23,415	\$38,886
Savings	540	719	719
Time:			
Certificates of deposits under \$100,000	19,150	26,476	31,210
Certificates of deposits \$100,000 and over	16,331	21,175	19,235
Other time deposits	16,692	17,105	16,215
Total time	52,173	64,756	66,660
Total	\$67,013	\$88,890	\$106,265

The aggregate amounts of time deposits in denominations of \$100,000 or more at December 31, 2012 and 2011 were \$1.9 billion and \$2.1 billion, respectively.

Time deposit maturities are as follows: 2013 – \$1.5 billion, 2014 – \$305 million, 2015 – \$259 million, 2016 – \$322 million, 2017 – \$173 million and \$406 million thereafter. At December 31, 2012 and 2011, the Company had \$187 million and \$219 million, respectively, in fixed rate, brokered certificates of deposits. The weighted-average interest rate paid on these certificates was 3.17% in 2012 and 3.62% in 2011.

Interest expense on time deposits was reduced by \$1.5 million in 2012, \$1.6 million in 2011, and \$4.0 million in 2010 from the net accrued settlement of interest rate swaps.

The aggregate amount of overdrawn transaction deposits that have been reclassified as loan balances was \$9.2 million at December 31, 2012 and \$7.5 million at December 31, 2011.

(9) Other Borrowings

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

	As of December 31, 2012		Year Ended December 31, 2012		Maximum Outstanding At Any Month End
	Balance	Rate	Average Balance	Rate	
Parent Company and Other Non-Bank Subsidiaries:					
Trust preferred debt	\$—	— %	\$—	— %	\$—
Other	10,500	1.50	394	1.11	10,500
Total Parent Company and Other Non-Bank Subsidiaries	10,500		394	1.11	
Subsidiary Bank:					
Funds purchased	1,167,416	0.05	1,512,711	0.14	1,810,793
Repurchase agreements	887,030	0.07	1,072,650	0.09	1,272,151
Federal Home Loan Bank advances	604,897	0.23	104,925	0.31	604,897
Subordinated debentures	347,633	2.40	363,699	3.79	398,897
GNMA repurchase liability	20,046	5.44	33,768	5.41	47,840
Other	16,332	5.10	16,577	2.91	16,761
Total subsidiary bank	3,043,354		3,104,330	0.65	
Total other borrowings	\$3,053,854		\$3,104,724	0.65 %	
	As of December 31, 2011		Year Ended December 31, 2011		Maximum Outstanding At Any Month End
	Balance	Rate	Average Balance	Rate	
Parent Company and Other Non-Bank Subsidiaries:					
Trust preferred debt	\$—	— %	\$7,093	— %	\$8,763
Other	—	—	—	—	—
Total Parent Company and Other Non-Bank Subsidiaries	—		7,093	—	
Subsidiary Bank:					
Funds purchased	1,063,318	0.03	1,046,114	0.07	1,706,893
Repurchase agreements	1,233,064	0.09	1,096,615	0.12	1,393,237
Federal Home Loan Bank advances	4,837	0.27	45,110	0.38	201,674
Subordinated debentures	398,881	5.47	398,790	5.74	398,881
GNMA repurchase liability	53,082	6.18	56,142	5.79	118,595
Other	16,566	5.10	28,777	3.23	45,366
Total subsidiary bank	2,769,748		2,671,548	1.06	
Total other borrowings	\$2,769,748		\$2,678,641	1.07 %	

	As of December 31, 2010		Year Ended December 31, 2010		Maximum Outstanding At Any Month End
	Balance	Rate	Average Balance	Rate	
Parent Company and Other Non-Bank Subsidiaries:					
Trust preferred debt	\$7,217	6.55 %	\$7,217	6.42 %	\$7,217
Other	—	—	—	—	—
Total Parent Company and Other Non-Bank Subsidiaries	7,217		7,217	6.42	
Subsidiary Banks:					
Funds purchased	1,025,018	0.11	1,185,742	0.11	1,465,983
Repurchase agreements	1,258,762	0.78	1,130,082	0.59	1,258,762
Federal Home Loan Bank advances	801,797	0.13	1,446,482	0.14	2,277,977
Federal Reserve advances	—	—	60,961	—	400,000
Subordinated debentures	398,701	5.47	398,619	5.78	398,701
GNMA repurchase liability	—	—	—	—	—
Other	24,564	1.75	22,364	0.46	25,326
Total subsidiary banks	3,508,842		4,244,250	0.95	
Total other borrowings	\$3,516,059		\$4,251,467	0.98 %	

Aggregate annual principal repayments at December 31, 2012 are as follows (in thousands):

	Parent Company	Subsidiary Bank
2013	\$ \$10,500	\$2,679,914
2014	—	525
2015	—	121,829
2016	—	525
2017	—	525
Thereafter	—	240,036
Total	\$ \$10,500	\$3,043,354

Funds purchased are unsecured and generally mature within one to ninety days from the transaction date. Securities repurchase agreements are recorded as secured borrowings that generally mature within ninety days and are secured by certain available for sale securities. There was no outstanding accrued interest payable related to repurchase agreements at December 31, 2012 or December 31, 2011.

Additional information relating to securities sold under agreements to repurchase and related liabilities at December 31, 2012 and 2011 is as follows (dollars in thousands):

Security Sold/Maturity	December 31, 2012		Repurchase Liability ¹	Average Rate	
	Amortized Cost	Market Value			
U.S. Agency Securities:					
Overnight ¹	\$1,213,593	\$1,242,314	\$877,382	0.07	%
Long-term	—	—	—	—	%
Total Agency Securities	\$1,213,593	\$1,242,314	\$877,382	0.07	%
Security Sold/Maturity	December 31, 2011		Repurchase Liability ¹	Average Rate	
	Amortized Cost	Market Value			
U.S. Agency Securities:					
Overnight ¹	\$1,583,958	\$1,628,547	\$1,231,426	0.09	%
Long-term	—	—	—	—	%
Total Agency Securities	\$1,583,958	\$1,628,547	\$1,231,426	0.09	%

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

Borrowings from the Federal Home Loan Banks are used for funding purposes. In accordance with policies of the Federal Home Loan Banks, BOK Financial has granted a blanket pledge of eligible assets (generally unencumbered U.S. Treasury and residential mortgage-backed securities, 1-4 family loans and multifamily loans) as collateral for these advances. The Federal Home Loan Banks have issued letters of credit totaling \$411 million to secure BOK Financial's obligations to depositors of public funds. The unused credit available to BOK Financial at December 31, 2012 pursuant to the Federal Home Loan Bank's collateral policies is \$685 million.

On June 9, 2011, the Company terminated its unsecured revolving credit agreement with George B. Kaiser, its Chairman and principal shareholder. There were no amounts outstanding under this credit agreement and no penalties or costs were paid by the Company for termination of the agreement. The credit agreement was replaced with a \$100 million senior unsecured 364 day revolving credit facility with Wells Fargo Bank, National Association, administrative agent and other commercial banks ("the Credit Facility"). Interest on amounts outstanding under the Credit Facility is to be paid at a defined base rate minus 1.25% or LIBOR plus 1.25% based upon the Company's option. Interest on amounts borrowed for certain acquisitions converted to a term loan at the Company's option is to be paid at a defined base rate minus 1.25% or LIBOR plus 1.50%. A commitment fee equal to 0.20% shall be paid quarterly on the unused portion of the credit commitment under the Credit Facility and there are no prepayment penalties. Any amounts outstanding at the end of the Credit Facility term shall be converted into a term loan which, except for amounts borrowed for certain acquisitions, shall be payable June 7, 2013. The Credit Facility contains customary representations and warranties, as well as affirmative and negative covenants, including limits on the Company's ability to borrow additional funds, make investments or sell assets. These covenants also require BOKF to maintain minimum capital levels. At December 31, 2012, no amounts were outstanding under the Credit Facility and the Company met all of the covenants.

BOSC, Inc. has a borrowing agreement with Bank of New York Mellon ("BNY") to provide additional funding for its trading activities. Fundings are at the discretion of BNY with the amount of the advance and interest rate are negotiated at the time of the funding request. Fundings are fully secured by the qualifying securities and payable on

demand. At December 31, 2012, \$11 million was outstanding under this borrowing agreement with an interest rate of 1.50%.

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

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December 31, 2012, \$227 million of this subordinated debt remained outstanding. At December 31, 2011, \$250 million of this subordinated debt was outstanding.

In 2005, the Bank issued \$150 million of fixed rate subordinated debt due June 1, 2015. The cost of this subordinated debt, including issuance discounts and hedge loss is 5.56%. The proceeds of this debt were used to repay the unsecured revolving line of credit and to provide additional capital to support asset growth. During 2006, an interest rate swap was designated as a hedge of changes in fair value of the subordinated debt due to changes in interest rates. The Company received a fixed rate of interest and paid a variable rate based on 1-month LIBOR. This fair value hedging relationship was discontinued and the interest rate swap was terminated in April 2007. At December 31, 2012, \$122 million of this subordinated debt remains outstanding. At December 31, 2011, \$150 million of this subordinated debt was outstanding.

The Company has a liability related to the repurchase of certain delinquent residential mortgage loans previously sold into GNMA mortgage pools. Interest is payable at rates contractually due to investors.

(10) Federal and State Income Taxes

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

	December 31, 2012	2011
Deferred tax assets:		
Stock-based compensation	\$9,100	\$10,100
Credit loss allowances	86,100	102,700
Valuation adjustments	45,100	42,300
Deferred book income	7,200	9,200
Deferred compensation	45,100	29,500
Book expense in excess of pension contribution	400	1,900
Other	30,900	38,500
Total deferred tax assets	223,900	234,200
Deferred tax liabilities:		
Available for sale securities mark to market	99,000	86,400
Depreciation	19,600	29,400
Mortgage servicing rights	59,500	48,900
Lease financing	21,100	13,200
Other	21,700	18,400
Total deferred tax liabilities	220,900	196,300
Deferred tax assets in excess of deferred tax liabilities	\$3,000	\$37,900

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

	Year Ended December 31,		
	2012	2011	2010
Current tax expense:			
Federal	\$ 159,706	\$ 137,802	\$ 132,165
State	19,103	16,085	17,618
Total current tax expense	178,809	153,887	149,783
Deferred tax expense (benefit):			
Federal	8,664	3,882	(24,714)
State	1,267	742	(1,712)
Total deferred tax expense (benefit)	9,931	4,624	(26,426)
Total income tax expense	\$ 188,740	\$ 158,511	\$ 123,357

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):

	Year Ended December 31,		
	2012	2011	2010
Amount:			
Federal statutory tax	\$ 190,003	\$ 156,917	\$ 130,078
Tax exempt revenue	(5,558)	(5,357)	(5,404)
Effect of state income taxes, net of federal benefit	13,684	11,198	9,740
Utilization of tax credits	(5,126)	(2,972)	(6,317)
Bank-owned life insurance	(3,850)	(3,879)	(4,133)
Reduction of tax accrual	(950)	(1,764)	(2,245)
Other, net	537	4,368	1,638
Total	\$ 188,740	\$ 158,511	\$ 123,357

Due to the favorable resolution of certain tax issues for the periods ended December 31, 2008 and 2007, BOK Financial reduced its tax accrual by \$1.0 million and \$1.8 million in 2012 and 2011, respectively, which was credited against current income tax expense.

	Year Ended December 31,		
	2012	2011	2010
Percent of pretax income:			
Federal statutory tax	35	% 35	% 35
Tax exempt revenue	(1)	(1)	(1)
Effect of state income taxes, net of federal benefit	3	2	3
Utilization of tax credits	(1)	(1)	(2)
Bank-owned life insurance	(1)	(1)	(1)
Reduction of tax accrual	—	—	(1)
Other, net	—	1	—
Total	35	% 35	% 33

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

	2012	2011	2010
Balance as of January 1	\$ 12,230	\$ 11,900	\$ 12,300
Additions for tax for current year positions	3,976	6,390	3,700
Settlements during the period	(1,000	) (2,510) —
Lapses of applicable statute of limitations	(2,931	) (3,550	) (4,100
Balance as of December 31	\$ 12,275	\$ 12,230	\$ 11,900

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

BOK Financial recognizes interest and penalties accrued related to unrecognized tax benefits in income tax expense. The Company recognized \$1.2 million for 2012, \$1.9 million for 2011 and \$1.3 million for 2010 in interest and penalties. The Company had approximately \$2.9 million and \$3.4 million for the payment of interest and penalties accrued as of December 31, 2012 and 2011, respectively. Federal statutes remain open for federal tax returns filed in the previous three reporting periods. Various state income tax statutes remain open for the previous three to six reporting periods.

The Internal Revenue Service completed an audit of the Company's federal income tax return for the year ended December 31, 2008 during the first quarter 2012 with no adjustments. The Internal Revenue Service is currently auditing the Company's 2008 refund claim. The Company does not expect a material impact to the financial statements as a result of the audit.

(11) Employee Benefits

BOK Financial sponsors a defined benefit cash balance Pension Plan for all employees who satisfy certain age and service requirements. Pension Plan benefits were curtailed as of April 1, 2006. No participants may be added to the plan and no additional service benefits will be accrued. During 2012, interest accrued on employees' account balances at 5.25%. Effective in the first quarter of 2013, interest will accrue at a variable rate tied to the five-year trailing average of five-year Treasury Securities plus 1.5%. The new rate will have a floor of 2.5% and a ceiling of 5.0%.

The following table presents information regarding this plan (dollars in thousands):

	December 31,		
	2012	2011	
Change in projected benefit obligation:			
Projected benefit obligation at beginning of year	\$50,213	\$48,373	
Interest cost	1,925	2,157	
Actuarial loss	2,786	2,461	
Benefits paid	(2,194	) (2,778)
Plan amendments	\$(4,702) —	
Projected benefit obligation at end of year ^{1,2}	\$48,028	\$50,213	
Change in plan assets:			
Plan assets at fair value at beginning of year	\$43,859	\$44,477	
Actual return on plan assets	4,255	2,160	
Benefits paid	(2,194	) (2,778)
Plan assets at fair value at end of year	\$45,920	\$43,859	
Funded status of the plan	\$(2,108	) \$(6,354)
Components of net periodic benefit costs:			
Interest cost	\$1,925	\$2,157	
Expected return on plan assets	(2,062	) (1,957)
Amortization of unrecognized net loss	3,461	3,659	
Net periodic pension cost	\$3,324	\$3,859	

¹ Projected benefit obligation equals accumulated benefit obligation.

² Projected benefit obligation is based on January 1 measurement date.

Weighted-average assumptions as of December 31:	2012	2011	
Discount rate	3.36	% 4.11	%
Expected return on plan assets	5.25	% 5.25	%

As of December 31, 2012, expected future benefit payments related to the Pension Plan were as follows (in thousands):

2013	\$3,629
2014	3,298
2015	3,372
2016	3,771
2017	3,488
Thereafter	16,227
	\$33,785

Assets of the Pension Plan consist primarily of shares in the Cavanal Hill Balanced Fund. The stated objective of this fund is to provide an attractive total return through a broadly diversified mix of equities and bonds. The typical portfolio mix is approximately 60% equities and 40% bonds. The net asset value of shares in the Cavanal Hill Funds is reported daily based on market quotations for the Fund's securities. If market quotations are not readily available, the securities' fair values are determined by the Fund's pricing committee. The inception-to-date return on the fund, which is used as an indicator when setting the expected return on plan assets, was 6.96%. As of December 31, 2012, the expected return on plan assets for 2012 is 5.25%. The maximum allowed Pension Plan contribution for 2012 was \$28 million. No minimum contribution was required for 2012 or 2011. The minimum contribution was made for 2010. We expect approximately \$1.3 million of net pension costs currently in accumulated other comprehensive income to be recognized as net periodic pension cost in 2013.

Employee contributions to the Thrift Plan are eligible for Company matching equal to 6% of base compensation, as defined in the plan. The Company-provided matching contribution rates range from 50% for employees with less than four years of service to 200% for employees with 15 or more years of service. Additionally, a maximum Company-provided, non-elective

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annual contribution of up to \$750 is made for employees whose annual base compensation is less than \$40,000. Total non-elective contributions were \$802 thousand for 2012, \$933 thousand for 2011 and \$1.0 million for 2010.

Participants may direct investments in their accounts to a variety of options, including a BOK Financial common stock fund. Employer contributions, which are invested in accordance with the participant's investment options, vest over five years. Thrift Plan expenses were \$16.8 million for 2012, \$15.4 million for 2011 and \$14.3 million for 2010.

BOK Financial also sponsors a defined benefit post-retirement employee medical plan, which pays 50% of annual medical insurance premiums for retirees who meet certain age and service requirements. Assets of the retiree medical plan consist primarily of shares in a cash management fund. The post-retirement medical plan is limited to current retirees and certain employees who were age 60 or older at the time the plan was frozen in 1993. The net obligation recognized under the plan was \$1.1 million at December 31, 2012 and \$2.2 million at December 31, 2011. A 1% change in medical expense trends would not significantly affect the net obligation or cost of this plan.

BOK Financial offers numerous incentive compensation plans that are aligned with the Company's growth strategy. Compensation awarded under these plans may be based on defined formulas, other performance criteria or discretionary. Incentive compensation is designed to motivate and reinforce sales and customer service behavior in all markets. Earnings were charged \$153.9 million in 2012, \$117.8 million in 2011, and \$104.0 million in 2010 for incentive compensation plans.

(12) Stock Compensation Plans

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

These awards include stock options subject to vesting requirements and non-vested shares. Generally, one-seventh of the options awarded vest annually and expire 3 years after vesting. Additionally, stock options that vest in two years and expire 45 days after vesting have been awarded. Non-vested shares vest 5 years after the grant date. The holders of these non-vested shares may be required to retain the shares for 3 years after vesting.

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

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The following table presents stock options outstanding during 2012, 2011 and 2010 under these plans (in thousands, except for per share data):

	Number	Weighted-Average Exercise Price	Aggregate Intrinsic Value
Options outstanding at December 31, 2009	3,521,763	\$44.58	\$ 10,359
Options awarded	345,945	48.30	
Options exercised	(486,280)	) 39.29	
Options forfeited	(97,443)	) 46.89	
Options expired	(148,651)	) 51.35	
Options outstanding at December 31, 2010	3,135,334	\$45.62	\$ 24,405
Options awarded	185,007	55.94	
Options exercised	(576,518)	) 44.35	
Options forfeited	(60,005)	) 47.93	
Options expired	(62,471)	) 54.13	
Options outstanding at December 31, 2011	2,621,347	\$47.01	\$ 20,769
Options awarded	67,155	58.76	
Options exercised	(708,295)	) 45.32	
Options forfeited	(22,559)	) 50.36	
Options expired	(66,862)	) 45.97	
Options outstanding at December 31, 2012	1,890,786	\$48.29	\$ 11,748
Options vested at:			
December 31, 2010	805,781	\$45.26	\$ 6,556
December 31, 2011	825,682	46.72	6,779
December 31, 2012	601,367	47.99	3,890

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

Options Outstanding		Options Vested				
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Number Vested	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)
\$30.87	426	0.01	\$30.87	426	\$30.87	0.01
37.74	25,338	1.00	37.74	25,338	37.74	1.00
45.15 - 47.34	77,569	1.04	47.32	77,569	47.32	1.04
47.05	160,902	2.00	47.05	90,785	47.05	1.03
54.33	297,887	2.50	54.33	144,360	54.33	1.04
48.46	387,385	3.00	48.46	133,184	48.46	1.05
36.65	371,373	3.50	36.65	77,788	36.65	1.04
48.30	208,365	4.00	48.30	13,468	48.30	1.57
55.94	273,792	5.00	55.94	38,449	55.94	2.07
58.76	87,749	6.00	58.76	—	0.00	0.00

The aggregate intrinsic value of options exercised was \$8.3 million for 2012, \$5.5 million for 2011 and \$6.1 million for 2010.

Compensation expense for stock options is generally recognized based on the fair value of options granted over the options' vesting period.

Explanation of Responses:

The fair value of options was determined as of the date of grant using a Black-Scholes option pricing model with the following weighted average assumptions:

	2012	2011	2010	
Average risk-free interest rate ¹	0.93	% 1.87	% 2.36	%
Dividend yield	2.20	% 1.80	% 2.00	%
Volatility factors	0.280	0.268	0.261	
Weighted average expected life	4.9 years	4.9 years	4.9 years	
Weighted average fair value	\$11.48	\$11.92	\$10.17	

¹ Average risk-free interest rate represents U.S. Treasury rates matched to the expected life of the options.

Stock option expense totaled \$9.7 million for 2012, \$10.0 million for 2011 and \$8.3 million for 2010. Compensation cost of stock options granted that may be recognized as compensation expense in future years totaled \$3.3 million at December 31, 2012. Subject to adjustments for forfeitures, we expect to recognize compensation expense for current outstanding options of \$1.5 million in 2013, \$892 thousand in 2014, \$498 thousand in 2015, \$260 thousand in 2016, \$110 thousand in 2017 and \$27 thousand thereafter.

The following represents a summary of the non-vested stock awards as of December 31, 2012 (in thousands):

	Shares	Weighted Average Grant Date Fair Value
Non-vested at January 1, 2012	503,738	
Granted	197,058	\$55.63
Lapsed	(76,192)	) 47.32
Forfeited	(31,773)	) 50.45
Non-vested at December 31, 2012	592,831	

Unrecognized compensation cost of non-vested shares totaled \$14.0 million at December 31, 2012. Subject to adjustment for forfeitures, we expect to recognize compensation expense of \$4.9 million in 2013, \$4.2 million in 2014, \$3.0 million in 2015, \$1.7 million in 2016 and \$158 thousand in 2017.

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

Stock-based compensation subject to these deferral plans is recognized as a liability award rather than as an equity award. Compensation expense is based on the fair value of the award recognized over the vesting period. The recorded obligation for liability awards totaled \$87 thousand at December 31, 2012 and \$1.3 million at December 31, 2011. Compensation cost of liability awards was an expense of \$530 thousand in 2012, \$760 thousand in 2011 and \$1.9 million in 2010.

On April 26, 2011 shareholders approved the BOK Financial Corporation 2011 True-up Plan. The True-Up Plan was intended to address inequality in the EIP which had been approved by shareholders in 2003 as a result of certain peer banks that performed poorly during the most recent economic cycle. Performance goals for the EIP are based on the Company's earnings per share growth compared to peers and business unit performance. As the economy improves and credit losses normalize, peer banks were expected to experience significant comparative earnings per share percentile increases. This "bounce-back" effect would have resulted in the unanticipated result of no annual bonuses in the years 2011, 2012 and 2013 and the forfeiture of long-term incentive awards for 2010 and 2011 in their entirety,

despite BOK Financial's strong annual earnings growth through the economic cycle while many peers experienced negative or declining earnings. The True-Up Plan was designed to adjust annual and long-term performance-based incentive compensation for certain senior executives either upward or downward based on the earnings per share performance and compensation of comparable senior executives at peer banks for 2006 through 2013. Compensation expense is determined by ranking BOK Financial's earnings per share to peer banks and then aligning compensation with the peer bank that most closely relates to BOK Financial earnings per share performance. The final amount due under the 2011 True-Up Plan will be determined as of December 31, 2013 and distributed in 2014. Based on the most recent available information, the Company has accrued \$40 million for the True-Up Plan liability. In the present economic

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environment, performance measurement through 2013 may be volatile and could result in future adjustments upward or downward.

During January 2013, BOK Financial awarded the following stock-based compensation:

	Number	Exercise Price	Fair Value / Award
Stock options	81,492	\$55.74	\$9.67
Non-vested stock	208,770	0.00	55.74

The aggregate compensation cost of these awards totaled approximately \$12.4 million. This cost will be recognized over the vesting periods, subject to adjustments for forfeitures. Non-vested shares awarded in January, 2013 cliff vest in 3 years and are subject to a 2 year holding period after vesting. None of the stock-based compensation awards in January 2013 are subject to deferred compensation plans.

(13) Related Parties

In compliance with applicable regulations, the Company may extend credit to certain executive officers, directors, principal shareholders and their affiliates (collectively referred to as "related parties") in the ordinary course of business under substantially the same terms as comparable third-party lending arrangements. The Company's loans to related parties do not involve more than the normal credit risk and there are no nonaccruing or impaired related party loans outstanding at December 31, 2012 or 2011.

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

	Year Ended December 31,	
	2012	2011
Beginning balance	\$99,340	\$168,935
Advances	644,715	300,080
Payments	(684,942	) (285,909
Adjustments ¹	(9,170	) (83,766
Ending balance	\$49,943	\$99,340

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

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

The Company had an unsecured revolving credit agreement with George B. Kaiser, its Chairman and principal shareholder which was terminated during 2010 as more fully described in Note 9. The Company also rents office space in facilities owned by affiliates of Mr. Kaiser. Lease payments totaled \$1.1 million for 2012, \$1.1 million for 2011 and \$1.1 million for 2010.

In 2008, the Company entered into a \$25 million loan commitment with the Tulsa Community Foundation ("TCF") to be secured by tax-exempt bonds purchased from the Tulsa Stadium Trust (the "Stadium Trust") by TCF. The Stadium Trust is an Oklahoma public trust, of which the City of Tulsa is the sole beneficiary. Stanley A. Lybarger, President and CEO of the Company, is Chairman of the Stadium Trust.

Cavanal Hill Investment Management, Inc., a wholly-owned subsidiary of the Bank, is the administrator to and investment advisor for the Cavanal Hill Funds (the "Funds"), a diversified, open-ended investment company

Explanation of Responses:

established as a business trust under the Investment Company Act of 1940 (the "1940 Act"). The Bank is custodian and BOSCO, Inc. is distributor for the Funds. The Funds' products are offered to customers, employee benefit plans, trusts and the general public in the ordinary course of business. Approximately 99% of the Funds' assets of \$2.4 billion are held for the Company's clients. A Company executive officer serves on the Funds' board of trustees and officers of the Bank serve as president and secretary of the Funds. A majority of the members of the Funds' board of trustees are, however, independent of the Company and the Funds are managed by its board of trustees.

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(14) Commitments and Contingent Liabilities

Litigation Contingencies

In 2010, the Bank was named as a defendant in three class actions alleging that the manner in which the bank posted charges to its consumer deposit accounts was improper. These actions were consolidated and settled on November 23, 2011 in Multi-District Litigation pending in the United States District Court for the Southern District of Florida. The settlement was approved by the Court on August 29, 2012. The settlement amount of \$19 million was paid to the plaintiff class in November 2012. The settlement was fully accrued for in 2011.

In an opinion dated October 11, 2011, the Oklahoma Supreme Court invalidated, pursuant to a petition brought by certain taxpayers, a \$7.1 million settlement agreement between the Bank and the City of Tulsa ("the City"). The agreement settled claims asserted by the Bank against the City and against the Tulsa Airports Improvement Trust ("the Trust") related to a defaulted loan made by the Bank to a start-up airline. The Trust agreed to purchase the loan and its collateral from the Bank in the event of a default by the airline. The settlement amount was fully accrued for in 2011 in the accrual for off-balance sheet credit risk. On July 18, 2012, the Company paid the \$7.1 million to the City.

As a member of Visa, BOK Financial is obligated for a proportionate share of certain covered litigation losses incurred by Visa under a retrospective responsibility plan. A contingent liability was recognized for the Company's share of Visa's covered litigation liabilities. This contingent liability totaled \$7.3 million at December 31, 2012. 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 recognized a \$7.3 million receivable for its proportionate share of this escrow account.

BOK Financial currently owns 251,837 Visa Class B shares which are convertible into Visa Class A shares 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.

Explanation of Responses:

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 \$7.1 million at December 31, 2012. 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.

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Consolidated tax credit entities represent the Company's interest in entities earning federal new market tax credits related to qualifying loans for which 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 creditors underlying the other borrowings of consolidated tax credit entities do not have recourse to the general credit of BOKF.

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 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.

A summary of consolidated and unconsolidated alternative investments as of December 31, 2012 and December 31, 2011 is as follows (in thousands):

	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	—	—	2,129
Total consolidated	\$10,000	\$51,086	\$—	\$10,964	\$35,820
Unconsolidated:					
Tax credit entities	\$22,354	\$78,109	\$43,052	\$—	\$—
Other	—	9,113	1,802	—	—
Total unconsolidated	\$22,354	\$87,222	\$44,854	\$—	\$—
	December 31, 2011				
	Loans	Other assets	Other liabilities	Other borrowings	Non-controlling interest
Consolidated:					
Private equity funds	\$—	\$30,902	\$—	\$—	\$26,042
Tax credit entities	10,000	14,483	—	10,964	10,000
Other	—	7,206	—	—	142
Total consolidated	\$10,000	\$52,591	\$—	\$10,964	\$36,184
Unconsolidated:					
Tax credit entities	\$10,575	\$37,890	\$16,084	\$—	\$—
Other	—	10,950	2,194	—	—
Total unconsolidated	\$10,575	\$48,840	\$18,278	\$—	\$—

Other Commitments and Contingencies

At December 31, 2012, Cavanal Hill Funds' assets included \$903 million of U.S. Treasury, \$1.0 billion of cash management and \$403 million of tax-free money market funds. Assets of these funds consist of highly-rated, short-term obligations of the U.S. Treasury, corporate issuers and U.S. states and municipalities. The net asset value of units in these funds was \$1.00 at December 31, 2012. 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 2012 or 2011.

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 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.

Total rent expense for BOK Financial was \$21.7 million in 2012, \$20.6 million in 2011 and \$21.2 million in 2010. The Bank is obligated under a long-term lease for its bank premises owned by Williams Companies, Inc. and located in downtown Tulsa. The lease term, which began November 1, 1976, is for fifty-seven years with an option to terminate in 2024 with a two-year prior written notice. Annual base rent is \$3.1 million. The Bank subleased a portion of this space in 2010. Net rent expense for 2010 was \$3.0 million.

At December 31, 2012, future minimum lease payments for equipment and premises under operating leases were as follows: \$19.6 million in 2013, \$18.9 million in 2014, \$18.2 million in 2015, \$16.3 million in 2016, \$12.6 million in 2017 and \$74.8 million thereafter. Premises leases may include options to renew at then current market rates and may include escalation provisions based upon changes in consumer price index or similar benchmarks.

The Federal Reserve Bank requires member banks to maintain certain minimum average cash balances. These balances were \$733 million for the year ended December 31, 2012 and \$968 million for the year ended December 31, 2011.

BOSC, Inc., a wholly-owned subsidiary of BOK Financial, is an introducing broker to Pershing, LLC for retail equity investment transactions. As such, it has indemnified Pershing, LLC against losses due to a customer's failure to settle a transaction or to repay a margin loan. All unsettled transaction and margin loans are secured as required by applicable regulation. The amount of customer balances subject to indemnification totaled \$2.2 million at December 31, 2012.

The Company agreed to guarantee rents totaling \$28.7 million through September of 2017 to the City as owner of a building immediately adjacent to the Bank's main office for space currently rented by third-party tenants in the building. All rent payments are current. Remaining guaranteed rents totaled \$14.2 million at December 31, 2012. 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 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 \$72 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.

(15) Shareholders Equity

Preferred Stock

One billion shares of preferred stock with a par value of \$0.00005 per share are authorized. The Series A Preferred Stock has no voting rights except as otherwise provided by Oklahoma corporate law and may be converted into one share of Common Stock for each 36 shares of Series A Preferred Stock at the option of the holder. Dividends are cumulative at an annual rate of ten percent of the \$0.06 per share liquidation preference value when declared and are payable in cash. Aggregate liquidation preference is \$15 million. No Series A Preferred Stock was outstanding in 2012, 2011 or 2010.

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Common Stock

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

Subsidiary Bank

The amounts of dividends that BOK Financial's subsidiary bank can declare and the amounts of loans the subsidiary bank can extend to affiliates are limited by various federal banking regulations and state corporate law. Generally, dividends declared during a calendar year are limited to net profits, as defined, for the year plus retained profits for the preceding two years. The amounts of dividends are further restricted by minimum capital requirements. Based on the most restrictive limitations as well as management's internal capital policy, at December 31, 2012, BOKF subsidiaries could declare up to \$48 million of dividends without regulatory approval. The subsidiary bank declared and paid dividends of \$275 million in 2012, \$270 million in 2011 and \$280 million in 2010.

As defined by banking regulations, loan commitments and equity investments to a single affiliate may not exceed 10% of unimpaired capital and surplus and loan commitments and equity investments to all affiliates may not exceed 20% of unimpaired capital and surplus. All loans to affiliates must be fully secured by eligible collateral. At December 31, 2012, loan commitments and equity investments were limited to \$230 million to a single affiliate and \$459 million to all affiliates. The largest loan commitment and equity investment to a single affiliate was \$220 million and the aggregate loan commitments and equity investments to all affiliates were \$330 million. The largest outstanding amount to a single affiliate was \$65 million and the total outstanding amounts to all affiliates were \$81 million. At December 31, 2011, total loan commitments and equity investments to all affiliates were \$323 million. Total outstanding amounts to all affiliates were \$50 million.

Regulatory Capital

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

For a banking institution to qualify as well capitalized, Tier I, Total and Leverage capital ratios must be at least 6%, 10% and 5%, respectively. Tier I capital consists primarily of common stockholders' equity, excluding unrealized gains or losses on available for sale securities, less goodwill, core deposit premiums and certain other intangible assets. Total capital consists primarily of Tier I capital plus preferred stock, subordinated debt and allowances for credit losses, subject to certain limitations. The Bank exceeded the regulatory definition of well capitalized as of December 31, 2012 and December 31, 2011.

A summary of regulatory capital levels follows (dollars in thousands):

	As of December 31,				
	2012		2011		
Total Capital (to Risk Weighted Assets):					
Consolidated	\$2,877,949	15.13	% \$2,851,099	16.49	%
BOKF, NA	2,296,451	12.13	2,329,670	13.53	

Explanation of Responses:

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Tier I Capital (to Risk Weighted Assets):						
Consolidated	\$2,430,671	12.78	%	\$2,295,061	13.27	%
BOKF, NA	1,849,769	9.77		1,775,182	10.31	
Tier I Capital (to Average Assets):						
Consolidated	\$2,430,671	9.01	%	\$2,295,061	9.15	%
BOKF, NA	1,849,769	6.89		1,775,182	7.11	

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Accumulated Other Comprehensive Income (Loss)

AOCI includes unrealized gains and losses on available for sale ("AFS") securities. Unrealized gain (loss) on AFS securities also includes 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 will be 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 will be 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, 2009	\$6,772	\$—	\$(16,473)	\$(1,039)	\$(10,740)
Net change in unrealized gains (losses)	181,051	—	4,412	—	185,463
Other-than-temporary impairment losses recognized in earnings	27,809	—	—	—	27,809
Reclassification adjustment for net (gains) losses realized and included in earnings	(21,882)	—	—	264	(21,618)
Income tax expense (benefit) ¹	(71,256)	—	(1,716)	(103)	(73,075)
Balance, December 31, 2010	122,494	—	(13,777)	(878)	107,839
Net change in unrealized gains (losses)	45,593	—	1,694	—	47,287
Other-than-temporary impairment losses recognized in earnings	23,507	—	—	—	23,507
Transfer of net unrealized gain from AFS to investment securities	(12,999)	12,999	—	—	—
Amortization of unrealized gain on investments securities transferred from AFS	—	(1,357)	—	—	(1,357)
Reclassification adjustment for net (gains) losses realized and included in earnings	(34,144)	—	—	304	(33,840)
Income tax expense (benefit) ¹	(8,711)	(4,969)	(659)	(118)	(14,457)
Balance, December 31, 2011	135,740	6,673	(12,742)	(692)	128,979
Net change in unrealized gains (losses)	58,921	—	7,276	—	66,197
Other-than-temporary impairment losses recognized in earnings	7,351	—	—	—	7,351
Amortization of unrealized gain on investments securities transferred from AFS	—	(6,601)	—	—	(6,601)
Reclassification adjustment for net(gains) losses realized and included in earnings	(33,845)	—	—	453	(33,392)
Income tax benefit (expense) ¹	(12,614)	3,006	(2,830)	(176)	(12,614)
Balance, December 31, 2012	\$155,553	\$3,078	\$(8,296)	\$(415)	\$149,920

¹ Calculated using 39% effective tax rate.

(16) Earnings Per Share

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

	Year Ended December 31,		
	2012	2011	2010
Numerator:			
Net income attributable to BOK Financial Corp. shareholders	\$351,191	\$285,875	\$246,754
Earnings allocated to participating securities	(2,541)	(2,214)	(1,583)
Numerator for basic earnings per share – income available to common shareholders	348,650	283,661	245,171
Effect of reallocating undistributed earnings of participating securities	6	6	3
Numerator for diluted earnings per share – income available to common shareholders	\$348,656	\$283,667	\$245,174
Denominator:			
Weighted average shares outstanding	68,221,013	68,313,898	68,062,047
Less: Participating securities included in weighted average shares outstanding	(536,970)	(526,222)	(434,312)
Denominator for basic earnings per common share	67,684,043	67,787,676	67,627,735
Dilutive effect of employee stock compensation plans ¹	280,897	251,087	203,999
Denominator for diluted earnings per common share	67,964,940	68,038,763	67,831,734
Basic earnings per share	\$5.15	\$4.18	\$3.63
Diluted earnings per share	\$5.13	\$4.17	\$3.61
¹ Excludes employee stock options with exercise prices greater than current market price.	224,653	769,041	1,245,483

(17) Reportable Segments

BOK Financial operates three principal lines of business: Commercial Banking, Consumer Banking and Wealth Management. Commercial Banking includes lending, treasury and cash management services and customer risk management products to small businesses, middle market and larger commercial customers. Commercial Banking also includes the TransFund EFT network. Consumer Banking includes retail lending and deposit services and all mortgage banking activities. Wealth Management provides fiduciary services, brokerage and trading, private bank services and investment advisory services in all markets. Wealth Management also originates loans for high net worth clients.

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

BOK Financial allocates resources and evaluates performance of its lines of business after allocation of funds, certain indirect expenses, taxes based on statutory rates, actual net credit losses and capital costs. The cost of funds borrowed from the Funds Management unit by the operating lines of business is transfer priced at rates that approximate market

rates for funds with similar duration. Market rates are generally based on the applicable LIBOR or interest rate swap rates, adjusted for prepayment risk. This method of transfer-pricing funds that support assets of the operating lines of business tends to insulate them from interest rate risk.

The value of funds provided by the operating lines of business to the Funds Management unit is based on rates which approximate the wholesale market rates for funds with similar duration and re-pricing characteristics. Market rates are generally based on LIBOR or interest rate swap rates. The funds credit formula applied to deposit products with indeterminate maturities is established based on their re-pricing characteristics reflected in a combination of the short-term LIBOR rates and a moving average of an intermediate term swap rate, with an appropriate spread applied to both. Shorter duration products are weighted towards the short-term LIBOR rate and longer duration products are weighted towards intermediate swap rates. The expected duration ranges from 30 days for certain rate-sensitive deposits to five years.

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

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

Net loans charged off and provision for credit losses represents net loans charged off as attributed to the lines of business and the provision for credit losses in excess of net charge-offs included attributed to Funds Management and Other.

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

	Commercial	Consumer	Wealth Management	Funds Management and Other	BOK Financial Consolidated	
Net interest revenue from external sources	\$367,412	\$90,036	\$27,754	\$219,124	\$704,326	
Net interest revenue (expense) from internal sources	(46,414	) 25,120	21,432	(138) —	
Net interest revenue	320,998	115,156	49,186	218,986	704,326	
Provision for credit losses	10,852	9,345	2,284	(44,481	) (22,000)
Net interest revenue after provision for credit losses	310,146	105,811	46,902	263,467	726,326	
Other operating revenue	171,131	272,118	200,007	22,855	666,111	
Other operating expense	246,888	256,315	214,385	131,985	849,573	
Income before taxes	234,389	121,614	32,524	154,337	542,864	
Federal and state income tax	91,177	47,308	12,652	37,603	188,740	
Net income	143,212	74,306	19,872	116,734	354,124	
Net income attributable to non-controlling interest	—	—	—	2,933	2,933	
Net income attributable to BOK Financial Corp.	\$143,212	\$74,306	\$19,872	\$113,801	\$351,191	
Average assets	\$9,949,735	\$5,727,267	\$4,357,523	\$6,254,626	\$26,289,151	
Average invested capital	882,288	287,972	184,622	1,551,073	2,905,955	
Performance measurements:						
Return on average assets	1.44	% 1.30	% 0.46	%	1.34	%
Return on average invested capital	16.23	% 25.73	% 10.76	%	12.09	%
Efficiency ratio	51.68	% 64.73	% 86.24	%	62.03	%

Reportable segments reconciliation to the Consolidated Financial Statements for the year ended December 31, 2011 is as follows (in thousands):

	Commercial	Consumer	Wealth Management	Funds Management and Other	BOK Financial Consolidated	
Net interest revenue from external sources	\$342,833	\$89,745	\$30,813	\$228,103	\$691,494	
Net interest revenue (expense) from internal sources	(30,676)	33,109	16,540	(18,973)	—	
Net interest revenue	312,157	122,854	47,353	209,130	691,494	
Provision for credit losses	20,760	13,451	2,960	(43,221)	(6,050)	
Net interest revenue after provision for credit losses	291,397	109,403	44,393	252,351	697,544	
Other operating revenue	147,545	223,322	171,873	27,795	570,535	
Other operating expense	230,451	277,891	190,706	120,696	819,744	
Income before taxes	208,491	54,834	25,560	159,450	448,335	
Federal and state income tax	81,103	21,330	9,943	46,135	158,511	
Net income	127,388	33,504	15,617	113,315	289,824	
Net income attributable to non-controlling interest	—	—	—	3,949	3,949	
Net income attributable to BOK Financial Corp.	\$127,388	\$33,504	\$15,617	\$109,366	\$285,875	
Average assets	\$9,383,528	\$5,937,585	\$4,073,623	\$5,100,125	\$24,494,861	
Average invested capital	884,169	273,906	174,877	1,348,913	2,681,865	
Performance measurements:						
Return on average assets	1.36	% 0.56	% 0.38	%	1.17	%
Return on average invested capital	14.41	% 12.23	% 8.93	%	10.66	%
Efficiency ratio	50.22	% 74.17	% 87.21	%	63.13	%

Reportable segments reconciliation to the Consolidated Financial Statements for the year ended December 31, 2010 is as follows (in thousands):

	Commercial	Consumer	Wealth Management	Funds Management and Other	BOK Financial Consolidated	
Net interest revenue from external sources	\$338,391	\$86,292	\$36,012	\$248,357	\$709,052	
Net interest revenue (expense) from internal sources	(45,317)	47,624	12,546	(14,853)	—	
Net interest revenue	293,074	133,916	48,558	233,504	709,052	
Provision for credit losses	70,489	24,705	10,831	(886)	105,139	
Net interest revenue after provision for credit losses	222,585	109,211	37,727	234,390	603,913	
Other operating revenue	138,992	215,057	165,528	(1,519)	518,058	
Other operating expense	230,116	242,065	179,825	98,314	750,320	
Income before taxes	131,461	82,203	23,430	134,557	371,651	
Federal and state income tax	51,138	31,977	9,114	31,128	123,357	
Net income	80,323	50,226	14,316	103,429	248,294	
Net income attributable to non-controlling interest	—	—	—	1,540	1,540	
Net income attributable to BOK Financial Corp.	\$80,323	\$50,226	\$14,316	\$101,889	\$246,754	
Average assets	\$8,893,868	\$6,243,746	\$3,686,133	\$4,982,052	\$23,805,799	
Average invested capital	899,005	277,837	169,775	1,078,026	2,424,643	
Performance measurements:						
Return on average assets	0.90	% 0.80	% 0.39	%	1.04	%
Return on average invested capital	8.93	% 18.08	% 8.43	%	10.18	%
Efficiency ratio	52.94	% 72.69	% 84.29	%	60.83	%

(18) 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:

- ⓪ Quoted prices for similar, but not identical, assets or liabilities in active markets;
- ⓪ 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;
- ⓪ 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. As of December 31, 2012, \$2.2 million of common stock of a privately held financial institution was transferred from Significant Other Observable Inputs (Level 2) to Significant Unobservable Inputs (Level 3). There were no other transfers in or out of quoted prices in active markets for identical instruments, significant other observable inputs or significant unobservable inputs during the year ended December 31, 2012 and 2011, 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 December 31, 2012 and 2011.

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 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	—	46,439	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	11,233,791	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	—	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 7, Mortgage Banking Activities.

² See Note 3 for detail of fair value of derivative contracts by contract type.

³ Represents exchange-traded derivative contracts.

The fair value of financial assets and liabilities that are measured on a recurring basis are as follows as of December 31, 2011 (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	\$22,203	\$—	\$22,203	\$ —
U.S. agency residential mortgage-backed securities	12,379	—	12,379	—
Municipal and other tax-exempt securities	39,345	—	39,345	—
Other trading securities	2,873	—	2,696	177
Total trading securities	76,800	—	76,623	177
Available for sale securities:				
U.S. Treasury	1,006	1,006	—	—
Municipal and other tax-exempt	68,837	—	26,484	42,353
U.S. agency residential mortgage-backed securities	9,588,177	—	9,588,177	—
Privately issued residential mortgage-backed securities	419,166	—	419,166	—
Other debt securities	36,495	—	30,595	5,900
Perpetual preferred stock	18,446	—	18,446	—
Equity securities and mutual funds	47,238	23,596	23,642	—
Total available for sale securities	10,179,365	24,602	10,106,510	48,253
Fair value option securities:				
U.S. agency residential mortgage-backed securities	626,109	—	626,109	—
Corporate debt securities	25,117	—	25,117	—
Total fair value option securities	651,226	—	651,226	—
Residential mortgage loans held for sale	188,125	—	188,125	—
Mortgage servicing rights ¹	86,783	—	—	86,783
Derivative contracts, net of cash margin ²	293,859	457	³ 293,402	—
Other assets – private equity funds	30,902	—	—	30,902
Liabilities:				
Derivative contracts, net of cash margin ²	236,522	—	236,522	—

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 7, Mortgage Banking Activities.

² See Note 3 for detail of fair value of derivative contracts by contract type.

³ Represents exchange-traded derivative contracts.

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

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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 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, December 31, 2010	\$47,093	\$6,400	\$—	\$25,436
Purchases and capital calls	7,520	—	—	4,052
Redemptions and distributions	(10,625)	(500)	—	(3,903)
Gain (loss) recognized in earnings:				
Brokerage and trading revenue	(576)	—	—	—
Gain (loss) on other assets, net	—	—	—	5,317
Gain on available for sale securities, net	21	—	—	—
Other-than-temporary impairment losses	(1,558)	—	—	—
Other comprehensive (loss)	478	—	—	—
Balance, December 31, 2011	42,353	5,900	—	30,902
Transfer to Level 3 from Level 2	—	—	2,161	—
Purchases and capital calls	—	—	—	3,446
Redemptions and distributions	(988)	(500)	—	(9,819)
Gain (loss) recognized in earnings:				
Gain on other assets, net	—	—	—	3,640
Gain on available for sale securities, net	1	—	—	—
Other-than-temporary impairment losses	(642)	—	—	—
Other comprehensive (loss)	(22)	(1)	—	—
Balance, December 31, 2012	\$40,702	\$5,399	\$2,161	\$28,169

A summary of quantitative information about assets measured at fair value on a recurring basis using 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%)	2
						98.83%-99.43% (99.12%)	3
						7.21%-9.83% (7.82%)	4
Below investment grade	17,000	12,384	12,384	Discounted cash flows	¹ Interest rate spread	72.79%-73.00% (72.85%)	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%)	5
						100% (100%)	3
Equity securities and other 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	—	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	

Discounted cash flows developed using discount rates primarily based on reference to interest rate spreads for ¹ 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.

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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 December 31, 2012, 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 \$279 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 \$52 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 \$362 thousand.

A summary of quantitative information about Recurring Fair Value Measurements based on Significant Unobservable Inputs (Level 3) as of December 31, 2011 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	\$29,200	\$29,466	\$29,327	Discounted cash flows ¹	Interest rate spread	1.00%-1.50% (1.25%) 98.79%-99.60% (99.16%) 6.25%-9.58%	2 3 4
Below investment grade	17,000	13,026	13,026	Discounted cash flows ¹	Interest rate spread	(6.93%) 76.45%-76.99% (76.62%)	3
Total municipal and other tax-exempt securities	46,200	42,492	42,353				
Other debt securities	5,900	5,900	5,900	Discounted cash flows ¹	Interest rate spread	1.60%-1.80% (1.76%) 100% (100%)	5 3
Other assets - private equity funds	N/A	N/A	30,902	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 recorded during the year. The carrying value represents only those assets with the balance sheet date for which the fair value was adjusted during the year:

	Carrying Value at December 31, 2012			Fair Value Adjustments for the Year Ended December 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	\$—	\$21,589	\$3,891	\$11,615	\$—
Real estate and other repossessed assets	—	39,077	4,421	—	15,954

	Carrying Value at December 31, 2011			Fair Value Adjustments for the Year Ended December 31, 2011 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	\$—	\$52,421	\$1,447	\$13,829	\$—
Real estate and other repossessed assets	—	57,160	13,100	—	14,077

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 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 December 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	\$3,891	Appraised value, as adjusted	Broker quotes and management's knowledge of industry and collateral.	N/A
Real estate and other repossessed assets	4,421	Listing value, less cost to sell	Marketability adjustments off appraised value	56%-85% (80%) ¹

Marketability adjustments includes consideration of estimated costs to sell which is approximately 15% of the fair value. In addition, \$345 thousand of real estate and other repossessed assets at December 31, 2012 are based on uncorroborated expert opinions or management's knowledge of the collateral or industry and do not have an independently appraised value.

A summary of quantitative information about Non-recurring Fair Value Measurements based on Significant Unobservable Inputs (Level 3) as of December 31, 2011 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	\$1,447			N/A

Explanation of Responses:

		Appraised	Broker quotes and management's	
		value, as	knowledge of industry and	
		adjusted	collateral.	
Real estate and other repossessed	\$13,100	Listing value,	Marketability adjustments off	58%-85%(76%) ¹
assets		less cost to sell	appraised value	

Marketability adjustments includes consideration of estimated costs to sell which is approximately 15% of the fair value. In addition, \$2.4 million of real estate and other repossessed assets at December 31, 2011 are based on uncorroborated expert opinions or management's knowledge of the collateral or industry and do not have an independently appraised value.

The fair value of pension plan assets was approximately \$46 million at December 31, 2012 and \$44 million at December 31, 2011, determined by significant other observable inputs. Fair value adjustments of pension plan assets along with changes in projected benefit obligation are recognized in other comprehensive income.

Goodwill and intangible assets, which consist primarily of core deposit intangible assets and other acquired intangibles, for each business unit are evaluated for impairment annually as of October 1st or more frequently if conditions indicate that impairment may have occurred. The evaluation of possible impairment of intangible assets involves significant judgment based upon short-term and long-term projections of future performance.

The fair value of each of our reporting units is estimated by the discounted future earnings method. Income growth is projected for each of our reporting units over five years and a terminal value is computed. The projected income stream is converted to fair value by using a discount rate that reflects a rate of return required by a willing buyer. Assumptions used to value our business units are based on growth rates, volatility, discount rate and market risk premium inherent in our current stock price.

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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 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 obligations	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)				—

Explanation of Responses:

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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 borrowings	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

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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, 2011 (dollars in thousands):

	Carrying Value	Range of Contractual Yields	Average Re-pricing (in years)	Discount Rate	Estimated Fair Value
Cash and cash equivalents	\$986,365				\$986,365
Trading securities:					
Obligations of the U.S. government	22,203				22,203
U.S. agency residential mortgage-backed securities	12,379				12,379
Municipal and other tax-exempt securities	39,345				39,345
Other trading securities	2,873				2,873
Total trading securities	76,800				76,800
Investment securities:					
Municipal and other tax-exempt	128,697				133,670
U.S. agency residential mortgage-backed securities	121,704				120,536
Other debt securities	188,835				208,451
Total investment securities	439,236				462,657
Available for sale securities:					
U.S. Treasury	1,006				1,006
Municipal and other tax-exempt	68,837				68,837
U.S. agency residential mortgage-backed securities	9,588,177				9,588,177
Privately issued residential mortgage-backed securities	419,166				419,166
Other debt securities	36,495				36,495
Perpetual preferred stock	18,446				18,446
Equity securities and mutual funds	47,238				47,238
Total available for sale securities	10,179,365				10,179,365
Fair value option securities:					
U.S. agency residential mortgage-backed securities	626,109				626,109
Corporate debt securities	25,117				25,117
Total fair value option securities	651,226				651,226
Residential mortgage loans held for sale	188,125				188,125
Loans:					
Commercial	6,571,454	0.25 - 30.00	0.57	0.63 - 3.85	6,517,795
Commercial real estate	2,279,909	0.38 - 18.00	1.26	0.28 - 3.51	2,267,375
Residential mortgage	1,970,461	0.38 - 18.00	3.26	1.14 - 3.70	2,034,898
Consumer	447,919	0.38 - 21.00	0.42	1.88 - 3.88	436,490
Total loans	11,269,743				11,256,558
Allowance for loan losses	(253,481)				—
Net loans	11,016,262				11,256,558
Mortgage servicing rights	86,783				86,783
Derivative instruments with positive fair value, net of cash margin	293,859				293,859
Other assets – private equity funds	30,902				30,902

Explanation of Responses:

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Deposits with no stated maturity	15,380,598				15,380,598
Time deposits	3,381,982	0.01 - 9.64	2.07	1.02 - 1.43	3,441,610
Other borrowings	2,370,867	0.25 - 6.58	—	0.04 - 2.76	2,369,224
Subordinated debentures	398,881	5.19 - 5.82	1.44	3.29 %	411,243
Derivative instruments with negative fair value, net of cash margin	236,522				236,522

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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 \$171 million at December 31, 2012 and \$207 million at December 31, 2011.

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 December 31, 2012 or December 31, 2011.

Fair Value Election

As more fully disclosed in Note 2 and Note 7 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.

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(19) Parent Company Only Financial Statements

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

Balance Sheets

(In thousands)

	December 31,	
	2012	2011
Assets		
Cash and cash equivalents	\$457,514	\$386,695
Available for sale securities	44,881	40,766
Investment in subsidiaries	2,464,729	2,317,900
Other assets	4,324	8,682
Total assets	\$2,971,448	\$2,754,043
Liabilities and Shareholders' Equity		
Other liabilities	\$13,588	\$3,575
Total liabilities	13,588	3,575
Shareholders' equity:		
Common stock	4	4
Capital surplus	859,278	818,817
Retained earnings	2,137,541	1,953,332
Treasury stock	(188,883	) (150,664
Accumulated other comprehensive income	149,920	128,979
Total shareholders' equity	2,957,860	2,750,468
Total liabilities and shareholders' equity	\$2,971,448	\$2,754,043

Statements of Earnings

(In thousands)

	Year Ended December 31,		
	2012	2011	2010
Dividends, interest and fees received from subsidiaries	\$275,330	\$270,474	\$280,125
Other revenue	2,295	2,128	1,883
Other-than-temporary impairment losses recognized in earnings	(1,099	) (2,098	) (1,679
Total revenue	276,526	270,504	280,329
Interest expense	269	354	507
Professional fees and services	765	538	795
Other operating expense	3,099	7,688	(47
Total expense	4,133	8,580	1,255
Income before taxes and equity in undistributed income of subsidiaries	272,393	261,924	279,074
Federal and state income tax	(1,706	) (3,169	) 415
Income before equity in undistributed income of subsidiaries	274,099	265,093	278,659
Equity in undistributed income of subsidiaries	77,092	20,782	(31,905
Net income attributable to BOK Financial Corp. shareholders	\$351,191	\$285,875	\$246,754

Statements of Cash Flows

(In thousands)

	Year Ended December 31,		
	2012	2011	2010
Cash flows from operating activities:			
Net income	\$351,191	\$285,875	\$246,754
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in undistributed income of subsidiaries	(77,092	) (20,782	) 31,905
Tax benefit (expense) on exercise of stock options	120	659	(425
Change in other assets	4,237	15,249	20,713
Change in other liabilities	(5,085	) (18,884	) (20,216
Net cash provided by operating activities	273,371	262,117	278,731
Cash flows from investing activities:			
Purchases of available for sale securities	(5,343	) (3,797	) (10,669
Sales of available for sale securities	4,781	16,500	—
Investment in subsidiaries	(9,100	) (7,250	) (21,692
Acquisitions, net of cash acquired	(20,000) —	—
Net cash provided by (used in) investing activities	(29,662	) 5,453	(32,361
Cash flows from financing activities:			
Issuance of common and treasury stock, net	14,650	14,541	8,552
Dividends paid	(166,982	) (76,423	) (66,557
Repurchase of common stock	(20,558	) (26,446) —
Net cash used in financing activities	(172,890	) (88,328	) (58,005
Net increase in cash and cash equivalents	70,819	179,242	188,365
Cash and cash equivalents at beginning of period	386,695	207,453	19,088
Cash and cash equivalents at end of period	\$457,514	\$386,695	\$207,453
Cash paid for interest	\$269	\$354	\$507
(20) Subsequent Events			

The Company evaluated events from the date of the consolidated financial statements on December 31, 2012 through the issuance of those consolidated financial statements included in this Annual Report on Form 10-K. No events were identified requiring recognition in and/or disclosure in the consolidated financial statements.

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

	Year Ended			
	December 31, 2012			
	Average Balance	Revenue/ Expense ¹	Yield/ Rate	
Assets				
Funds sold and resell agreements	\$17,000	\$12	0.07	%
Trading securities	134,176	2,138	1.59	%
Investment securities				
Taxable ³	286,626	16,848	5.88	%
Tax-exempt ³	145,899	5,601	4.06	%
Total investment securities	432,525	22,449	5.29	%
Available for sale securities				
Taxable ³	10,565,459	237,235	2.36	%
Tax-exempt ³	82,652	3,716	4.55	%
Total available for sale securities ³	10,648,111	240,951	2.37	%
Fair value option securities	379,603	8,456	2.45	%
Residential mortgage loans held for sale	227,795	8,185	3.59	%
Loans ²	11,696,054	518,784	4.44	%
Less: allowance for loan losses	238,806			
Loans, net of allowance	11,457,248	518,784	4.53	%
Total earning assets ³	23,296,458	800,975	3.52	%
Cash and other assets	2,992,693			
Total assets	\$26,289,151			
Liabilities and equity				
Interest-bearing deposits:				
Transaction	\$9,040,626	\$14,300	0.16	%
Savings	261,822	540	0.21	%
Time	3,114,046	52,173	1.68	%
Total interest-bearing deposits	12,416,494	67,013	0.54	%
Funds purchased	1,512,711	2,095	0.14	%
Repurchase agreements	1,072,650	1,008	0.09	%
Other borrowings	155,664	3,428	2.20	%
Subordinated debentures	363,699	13,778	3.79	%
Total interest-bearing liabilities	15,521,218	87,322	0.56	%
Non-interest bearing demand deposits	6,590,283			
Other liabilities	1,271,695			
Total equity	2,905,955			
Total liabilities and equity	\$26,289,151			
Tax-equivalent Net Interest Revenue³				
Tax-equivalent Net Interest Revenue to Earning Assets ³		\$713,653	2.96	%
Less tax-equivalent adjustment ¹		9,327		
Net Interest Revenue		704,326		
Provision for (reduction of) allowance for credit losses		(22,000)	
Other operating revenue		666,111		

Explanation of Responses:

Other operating expense	849,573
Income before taxes	542,864
Federal and state income tax	188,740
Net income before non-controlling interest	354,124
Net income attributable to non-controlling interest	2,933
Net income attributable to BOK Financial Corp.	\$351,191
Earnings Per Average Common Share Equivalent:	
Net income:	
Basic	\$5.15
Diluted	\$5.13

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

The loan averages included loans on which the accrual of interest has been discontinued and are stated net of unearned income. See Note 1 of Notes to the Consolidated Financial Statements for a description of income recognition policy.

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

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

	Year Ended			December 31, 2010			
	December 31, 2011	Revenue/	Yield/	Average	Revenue/	Yield/	
	Average	Expense ¹	Rate	Balance	Expense ¹	Rate	
	Balance						
Assets							
Funds sold and resell agreements	\$ 13,441	\$ 15	0.11	% \$ 23,743	\$ 27	0.11	%
Trading securities	81,978	2,486	3.03	% 68,286	2,782	4.07	%
Investment securities							
Taxable ³	211,949	12,581	5.94	% 108,240	7,229	6.68	%
Tax-exempt ³	155,707	7,562	4.86	% 209,427	10,155	4.89	%
Total investment securities	367,656	20,143	5.48	% 317,667	17,384	5.50	%
Available for sale securities							
Taxable ³	9,578,869	259,871	2.83	% 9,000,677	283,583	3.27	%
Tax-exempt ³	68,549	3,566	5.20	% 66,820	3,664	5.48	%
Total available for sale securities ³	9,647,418	263,437	2.84	% 9,067,497	287,247	3.28	%
Fair value option securities	543,318	18,649	3.63	% 470,488	17,403	4.08	%
Residential mortgage loans held for sale	154,794	6,492	4.19	% 214,347	9,261	4.32	%
Loans ²	10,841,341	509,462	4.70	% 10,917,966	526,136	4.82	%
Less: allowance for loan losses	284,516			309,279			
Loans, net of allowance	10,556,825	509,462	4.83	% 10,608,687	526,136	4.96	%
Total earning assets ³	21,365,430	820,684	3.92	% 20,770,715	860,240	4.22	%
Cash and other assets	3,129,431			3,035,084			
Total assets	\$ 24,494,861			\$ 23,805,799			
Liabilities and equity							
Interest-bearing deposits:							
Transaction	\$ 9,349,760	\$ 23,415	0.25	% \$ 8,573,117	\$ 38,886	0.45	%
Savings	212,443	719	0.34	% 184,099	719	0.39	%
Time	3,587,698	64,756	1.80	% 3,712,140	66,660	2.40	%
Total interest-bearing deposits	13,149,901	88,890	0.68	% 12,469,356	106,265	0.85	%
Funds purchased	1,046,114	917	0.09	% 1,185,741	2,231	0.19	%
Repurchase agreements	1,096,615	2,453	0.22	% 1,130,082	6,028	0.53	%
Other borrowings	137,122	5,456	3.98	% 1,537,025	5,075	0.33	%
Subordinated debentures	398,790	22,385	5.61	% 398,619	22,431	5.63	%
Total interest-bearing liabilities	15,828,542	120,101	0.76	% 16,720,823	142,030	0.85	%
Non-interest bearing demand deposits	4,877,906			3,789,375			
Other liabilities	1,106,548			870,958			
Total equity	2,681,865			2,424,643			
Total liabilities and equity	\$ 24,494,861			\$ 23,805,799			
Tax-equivalent Net Interest Revenue³							
		\$ 700,583	3.16	%	\$ 718,210	3.37	%
Tax-equivalent Net Interest Revenue to Earning Assets³							
			3.34	%		3.52	%

Explanation of Responses:

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Less tax-equivalent adjustment ¹	9,089	9,158
Net Interest Revenue	691,494	709,052
Provision for (reduction of) allowance for credit losses	(6,050)	105,139
Other operating revenue	570,535	518,058
Other operating expense	819,744	750,320
Income before taxes	448,335	371,651
Federal and state income tax	158,511	123,357
Net income before non-controlling interest	289,824	248,294
Net income attributable to non-controlling interest	3,949	1,540
Net income attributable to BOK Financial Corp.	\$285,875	\$246,754
Earnings Per Average Common Share Equivalent:		
Net income:		
Basic	\$4.18	\$3.63
Diluted	\$4.17	\$3.61

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

2. The loan averages included loans on which the accrual of interest has been discontinued and are stated net of unearned income. See Note 1 of Notes to the Consolidated Financial Statements for a description of income recognition policy.

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

Quarterly Financial Summary – Unaudited
Consolidated Daily Average Balances, Average Yields and Rates
(In Thousands, Except Per Share Data)

	Three Months Ended							
	December 31, 2012			September 30, 2012				
	Average Balance	Revenue/Expense ¹	Yield/Rate		Average Balance	Revenue/Expense ¹	Yield/Rate	
Assets								
Funds sold and resell agreements	\$ 19,553	\$ 3	0.06	%	\$ 17,837	\$ 3	0.07	%
Trading securities	165,109	441	1.06	%	132,213	703	2.12	%
Investment securities								
Taxable ³	271,957	4,008	5.86	%	281,347	4,124	5.83	%
Tax-exempt ³	202,128	1,379	2.93	%	127,299	1,212	4.12	%
Total investment securities	474,085	5,387	4.67	%	408,646	5,336	5.33	%
Available for sale securities								
Taxable ³	11,394,797	56,514	2.08	%	10,969,610	59,482	2.36	%
Tax-exempt ³	87,415	836	3.80	%	88,445	1,044	4.70	%
Total available for sale securities ³	11,482,212	57,350	2.10	%	11,058,055	60,526	2.38	%
Fair value option securities	292,490	772	1.58	%	336,160	1,886	2.27	%
Residential mortgage loans held for sale	272,581	2,323	3.39	%	264,024	2,310	3.48	%
Loans ²	11,989,319	130,510	4.33	%	11,739,662	127,816	4.33	%
Less allowance for loan losses	229,095				231,177			
Loans, net of allowance	11,760,224	130,510	4.41	%	11,508,485	127,816	4.42	%
Total earning assets ³	24,466,254	196,786	3.30	%	23,725,420	198,580	3.47	%
Cash and other assets	3,030,522				2,862,752			
Total assets	\$ 27,496,776				\$ 26,588,172			
Liabilities and equity								
Interest-bearing deposits:								
Transaction	\$ 9,343,421	\$ 3,496	0.15	%	\$ 8,719,648	\$ 3,406	0.16	%
Savings	278,714	124	0.18	%	267,498	127	0.19	%
Time	3,010,367	13,588	1.80	%	3,068,870	12,384	1.61	%
Total interest-bearing deposits	12,632,502	17,208	0.54	%	12,056,016	15,917	0.53	%
Funds purchased	1,295,442	477	0.15	%	1,678,006	632	0.15	%
Repurchase agreements	900,131	197	0.09	%	1,112,847	281	0.10	%
Other borrowings	364,425	824	0.90	%	97,003	739	3.03	%
Subordinated debentures	347,613	2,239	2.56	%	352,432	2,475	2.79	%
Total interest-bearing liabilities	15,540,113	20,945	0.54	%	15,296,304	20,044	0.52	%
Non-interest bearing demand deposits	7,505,074				6,718,572			
Other liabilities	1,480,102				1,626,643			
Total equity	2,971,487				2,946,653			
Total liabilities and equity	\$ 27,496,776				\$ 26,588,172			
Tax-equivalent Net Interest Revenue ³		\$ 175,841	2.76	%		\$ 178,536	2.95	%
Tax-equivalent Net Interest Revenue to Earning Assets ³			2.95	%			3.12	%
Less tax-equivalent adjustment ¹		2,472				2,509		

Explanation of Responses:

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Net Interest Revenue	173,369	176,027
Provision for (reduction of) allowance for credit losses	(14,000)	—
Other operating revenue	162,626	179,944
Other operating expense	222,085	222,340
Income before taxes	127,910	133,631
Federal and state income tax	44,293	45,778
Net income before non-controlling interest	83,617	87,853
Net income (loss) attributable to non-controlling interest	1,051	471
Net income attributable to BOK Financial Corp.	\$82,566	\$87,382
Earnings Per Average Common Share Equivalent:		
Net income:		
Basic	\$1.21	\$1.28
Diluted	\$1.21	\$1.27

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

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Three Months Ended June 30, 2012			March 31, 2012			December 31, 2011			
Average Balance	Revenue /Expense ¹	Yield / Rate	Average Balance	Revenue / Expense ¹	Yield / Rate	Average Balance	Revenue / Expense ¹	Yield / Rate	
\$19,187	\$4	0.08	% \$11,385	\$2	0.07	% \$12,035	\$3	0.10	%
143,770	548	1.53	% 95,293	446	1.88	% 97,972	689	2.79	%
290,557	4,282	5.93	% 302,861	4,434	5.89	% 314,217	4,677	5.91	%
125,727	1,461	4.90	% 128,029	1,549	4.87	% 129,109	1,565	4.81	%
416,284	5,743	5.63	% 430,890	5,983	5.59	% 443,326	6,242	5.59	%
10,007,368	61,583	2.52	% 9,876,508	59,656	2.48	% 9,845,351	54,839	2.37	%
83,911	943	4.69	% 70,719	893	5.17	% 69,172	896	5.14	%
10,091,279	62,526	2.54	% 9,947,227	60,549	2.50	% 9,914,523	55,735	2.39	%
335,965	2,311	2.62	% 555,233	3,487	2.79	% 660,025	4,877	2.98	%
191,311	1,784	3.75	% 182,372	1,768	3.90	% 201,242	2,032	4.01	%
11,614,722	132,391	4.58	% 11,436,811	128,067	4.50	% 11,152,315	130,736	4.65	%
242,605			252,538			266,473			
11,372,117	132,391	4.68	% 11,184,273	128,067	4.61	% 10,885,842	130,736	4.76	%
22,569,913	205,307	3.69	% 22,406,673	200,302	3.64	% 22,214,965	200,314	3.69	%
2,968,604			3,109,910			3,422,475			
\$25,538,517			\$25,516,583			\$25,637,440			
\$8,779,659	\$3,572	0.16	% \$9,319,978	\$3,826	0.17	% \$9,276,608	\$4,213	0.18	%
259,386	147	0.23	% 241,442	142	0.24	% 220,236	146	0.26	%
3,132,220	12,671	1.63	% 3,246,362	13,530	1.68	% 3,485,059	14,922	1.70	%
12,171,265	16,390	0.54	% 12,807,782	17,498	0.55	% 12,981,903	19,281	0.59	%
1,740,354	674	0.16	% 1,337,614	312	0.09	% 1,197,154	186	0.06	%
1,095,298	265	0.10	% 1,183,778	265	0.09	% 1,189,861	404	0.13	%
86,667	853	3.96	% 72,911	1,012	5.58	% 88,489	1,059	4.75	%
357,609	3,512	3.95	% 397,440	5,552	5.62	% 398,858	5,640	5.61	%
15,451,193	21,694	0.56	% 15,799,525	24,639	0.63	% 15,856,265	26,570	0.66	%
6,278,342			5,847,682			5,588,596			
940,249			1,034,143			1,422,092			
2,868,733			2,835,233			2,770,487			
\$25,538,517			\$25,516,583			\$25,637,440			
	\$183,613	3.13	%	\$175,663	3.01	%	\$173,744	3.03	%
		3.30	%		3.19	%		3.20	%
	2,252			2,094			2,274		
	181,361			173,569			171,470		
	(8,000)			—			(15,000)		
	186,260			137,281			137,812		
	223,011			182,137			218,982		
	152,610			128,713			105,300		
	53,149			45,520			37,396		
	99,461			83,193			67,904		
	1,833			(422)			911		

Explanation of Responses:

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\$97,628

\$83,615

\$66,993

\$1.43

\$1.22

\$0.98

\$1.43

\$1.22

\$0.98

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

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

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

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

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information set forth under the headings "Election of Directors," "Executive Officers," "Insider Reporting," "Director Nominations," and "Risk Oversight and Audit Committee" in BOK Financial's 2013 Annual Proxy Statement is incorporated herein by reference.

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

There are no material changes to the procedures by which security holders may recommend nominees to the Company's board of directors since the Company's 2012 Annual Proxy Statement to Shareholders.

ITEM 11. EXECUTIVE COMPENSATION

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The information set forth under the heading “Compensation Discussion and Analysis,” “Compensation Committee Interlocks and Insider Participation,” “Compensation Committee Report,” “Executive Compensation Tables,” and “Director Compensation” in BOK Financial's 2013 Annual Proxy Statement is incorporated herein by reference.

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

The information set forth under the headings “Security Ownership of Certain Beneficial Owners and Management” and “Election of Directors” in BOK Financial's 2013 Annual Proxy Statement is incorporated herein by reference.

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

Information regarding related parties is set forth in Note 13 of the Company's Notes to Consolidated Financial Statements, which appears elsewhere herein. Additionally, the information set forth under the headings “Certain Transactions,” “Director Independence” and “Related Party Transaction Review and Approval Process” in BOK Financial's 2013 Annual Proxy Statement is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information set forth under the heading “Principal Accountant Fees and Services” in BOK Financial's 2013 Annual Proxy Statement is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) (1) Financial Statements

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

Consolidated Statements of Earnings for the years ended December 31, 2012, 2011 and 2010
Consolidated Balance Sheets as of December 31, 2012 and 2011
Consolidated Statements of Cash Flows for the years ended December 31, 2012, 2011 and 2010
Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2012, 2011 and 2010
Notes to Consolidated Financial Statements
Annual Financial Summary - Unaudited
Quarterly Financial Summary - Unaudited
Quarterly Earnings Trends - Unaudited
Reports of Independent Registered Public Accounting Firm

(a) (2) Financial Statement Schedules

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

(a) (3) Exhibits

Exhibit Number	Description of Exhibit
3.0	The Articles of Incorporation of BOK Financial, incorporated by reference to (i) Amended and Restated Certificate of Incorporation of BOK Financial filed with the Oklahoma Secretary of State on May 28, 1991, filed as Exhibit 3.0 to S-1 Registration Statement No. 33-90450, and (ii) Amendment attached as Exhibit A to Information Statement and Prospectus Supplement filed November 20, 1991.
3.1	Bylaws of BOK Financial, incorporated by reference to Exhibit 3.1 of S-1 Registration Statement No. 33-90450.
3.1(a)	Bylaws of BOK Financial, as amended and restated as of October 30, 2007, incorporated by reference to Exhibit 3.1 of Form 8-K filed on November 5, 2007.
4.0	The rights of the holders of the Common Stock and Preferred Stock of BOK Financial are set forth in its Certificate of Incorporation.
10.0	Purchase and Sale Agreement dated October 25, 1990, among BOK Financial, Kaiser, and the FDIC, incorporated by reference to Exhibit 2.0 of S-1 Registration Statement No. 33-90450.
10.1	Amendment to Purchase and Sale Agreement effective March 29, 1991, among BOK Financial, Kaiser, and the FDIC, incorporated by reference to Exhibit 2.2 of S-1 Registration Statement No. 33-90450.
10.2	Letter agreement dated April 12, 1991, among BOK Financial, Kaiser, and the FDIC, incorporated by reference to Exhibit 2.3 of S-1 Registration Statement No. 33-90450.
10.3	Second Amendment to Purchase and Sale Agreement effective April 15, 1991, among BOK Financial, Kaiser, and the FDIC, incorporated by reference to Exhibit 2.4 of S-1 Registration Statement No. 33-90450.
10.4	Employment and Compensation Agreements.
10.4(a)	Employment Agreement between BOK Financial and Stanley A. Lybarger, incorporated by reference to Exhibit 10.4(a) of Form 10-K for the fiscal year ended December 31, 1991.
10.4(b)	Amendment to 1991 Employment Agreement between BOK Financial and Stanley A. Lybarger, incorporated by reference to Exhibit 10.4(b) of Form 10-K for the fiscal year ended December 31, 2001.
10.4(c)	Amended and Restated Deferred Compensation Agreement (Amended as of September 1, 2003) between Stanley A. Lybarger and BOK Financial Corporation, incorporated by reference to Exhibit 10.4 (c) of Form 10-Q for the quarter ended September 30, 2003.
10.4 (d)	409A Deferred Compensation Agreement between Stanley A. Lybarger and BOK Financial Corporation dated December 31, 2004, incorporated by reference to Exhibit 10.4 (d) of Form 8-K filed

on January 5, 2005.

- 10.4 (e) Guaranty by George B. Kaiser in favor of Stanley A. Lybarger dated March 7, 2005, incorporated by reference to Exhibit 10.4 (e) of Form 10-K for the fiscal year ended December 31, 2004.
- 10.4 (f) Third Amendment to 1991 Employment Agreement between Stanley A. Lybarger and Bank of Oklahoma, National Association, incorporated by reference to Exhibit 10.4 (f) of Form 10-K for the fiscal year ended December 31, 2007.
- 10.4 (g) Amended and Restated Employment Agreement dated December 26, 2008 between BOK Financial Corporation and Stanley A. Lybarger, incorporated by reference to Exhibit 99 (a) of Form 8-K filed on December 26, 2008.
- 10.4.2 Amended and Restated Deferred Compensation Agreement (Amended as of December 1, 2003) between Steven G. Bradshaw and BOK Financial Corporation, incorporated by reference to Exhibit 10.4.2 of Form 10-K for the fiscal year ended December 31, 2003.

- 10.4.2 (a) 409A Deferred Compensation Agreement between Steven G. Bradshaw and BOK Financial Corporation dated December 31, 2004, incorporated by reference to Exhibit 10.4.2 (a) of Form 8-K filed on January 5, 2005.
- 10.4.2 (b) Employment Agreement between BOK Financial and Steven G. Bradshaw dated September 29, 2003, incorporated by reference to Exhibit 10.4.2 (b) of Form 10-K for the fiscal year ended December 31, 2004.
- 10.4.4 Amended and Restated Employment Agreement (Amended as of June 14, 2002) among First National Bank of Park Cities, BOK Financial Corporation and C. Fred Ball, Jr., incorporated by reference to Exhibit 10.4.4 of Form 10-K for the fiscal year ended December 31, 2003.
- 10.4.5 409A Deferred Compensation Agreement between Daniel H. Ellinor and BOK Financial Corporation dated December 31, 2004, incorporated by reference to Exhibit 10.4.5 of Form 8-K filed on January 5, 2005.
- 10.4.5 (a) Employment Agreement between BOK Financial and Dan H. Ellinor dated August 29, 2003, incorporated by reference to Exhibit 10.4.5 (a) of Form 10-K for the fiscal year ended December 31, 2004.
- 10.4.5 (b) Deferred Compensation Agreement dated November 28, 2003 between Daniel H. Ellinor and BOK Financial Corporation, incorporated by reference to Exhibit 10.4.5 (b) of Form 10-K for the fiscal year ended December 31, 2004.
- 10.4.7 409A Deferred Compensation Agreement between Steven E. Nell and BOK Financial Corporation dated December 31, 2004, incorporated by reference to Exhibit 10.4.7 of Form 8-K filed on January 5, 2005.
- 10.4.7 (a) Amended and Restated Deferred Compensation Agreement (Amended as of December 1, 2003) between Steven E. Nell and BOK Financial Corporation, incorporated by reference to Exhibit 10.4.7 (a) of Form 10-K for the fiscal year ended December 31, 2004.
- 10.4.8 Employment Agreement dated August 1, 2005 between BOK Financial Corporation and Donald T. Parker, incorporated by reference to Exhibit 99 (a) of Form 8-K filed on February 1, 2006.
- 10.4.9 Employment Agreement dated April 4, 2008 between Bank of Texas, NA, and Norman P. Bagwell, filed herewith.
- 10.4.9 (a) First Amendment of Employment Agreement dated June 30, 2011 between Bank of Texas, a division of BOKF, NA, and Norman P. Bagwell, filed herewith.
- 10.6 Capitalization and Stock Purchase Agreement dated May 20, 1991, between BOK Financial and Kaiser, incorporated by reference to Exhibit 10.6 of S-1 Registration Statement No. 33-90450.
- 10.7.7 BOK Financial Corporation 2001 Stock Option Plan, incorporated by reference to Exhibit 4.0 of S-8 Registration Statement No. 333-62578.

- 10.7.8 BOK Financial Corporation Directors' Stock Compensation Plan, incorporated by reference to Exhibit 4.0 of S-8 Registration Statement No. 33-79836.
- 10.7.9 Bank of Oklahoma Thrift Plan (Amended and Restated Effective as of January 1, 1995), incorporated by reference to Exhibit 10.7.6 of Form 10-K for the year ended December 31, 1994.
- 10.7.10 Trust Agreement for the Bank of Oklahoma Thrift Plan (December 30, 1994), incorporated by reference to Exhibit 10.7.7 of Form 10-K for the year ended December 31, 1994.
- 10.7.11 BOK Financial Corporation 2003 Stock Option Plan, incorporated by reference to Exhibit 4.0 of S-8 Registration Statement No. 333-106531.
- 10.7.12 BOK Financial Corporation 2003 Executive Incentive Plan, incorporated by reference to Exhibit 4.0 of S-8 Registration Statement No. 333-106530.
- 10.7.13 10b5-1 Repurchase Plan between BOK Financial Corporation and BOSCO, Inc. dated May 27, 2008, incorporated by reference to Exhibit 10.1 of Form 8-K filed May 27, 2008.
- 10.7.14 BOK Financial Corporation 2003 Executive Incentive Plan, as amended and restated, for the Chief Executive Officer and for Direct Reports to the Chief Executive Officer, incorporated by reference to the Schedule 14 A Definitive Proxy Statement filed on March 15, 2011.

- 10.7.15 BOK Financial Corporation 2011 True-Up Plan, for the Chief Executive Officer and his Direct Reports, incorporated by reference to the Schedule 14A Definitive Proxy Statement filed on March 15, 2011.
- 10.8 Lease Agreement between One Williams Center Co. and National Bank of Tulsa (predecessor to BOK) dated June 18, 1974, incorporated by reference to Exhibit 10.9 of S-1 Registration Statement No. 33-90450.
- 10.9 Lease Agreement between Security Capital Real Estate Fund and BOK dated January 1, 1988, incorporated by reference to Exhibit 10.10 of S-1 Registration Statement No. 33-90450.
- 21.0 Subsidiaries of BOK Financial, filed herewith.
- 23.0 Consent of independent registered public accounting firm - Ernst & Young LLP, filed herewith.
- 31.1 Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
- 31.2 Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
- 32 Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.
- 99.0 Additional Exhibits.
- 99 (a) Credit Agreement dated June 9, 2011 between BOK Financial Corporation and participating lenders, incorporated by reference to Form 10-Q filed November 6, 2012.
- 99 (c) First Amended Debenture dated December 2, 2009 between BOK Financial Corporation and George B. Kaiser, incorporated by reference to Exhibit 99 (a) of Form 8-K filed December 4, 2009.
- 101 Interactive data files pursuant to Rule 405 of Regulation S-T: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Earnings, (iii) the Consolidated Statements of Changes in Equity, (iv) the Consolidated Statement of Cash Flows and (v) the Notes to the Consolidated Financial Statements, filed herewith.*
- * As provided in Rule 406T of Regulation S-T, this information is furnished and not filed for purposes of Section 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934.
- (b) Exhibits

See Item 15 (a) (3) above.

(c) Financial Statement Schedules

See Item 15 (a) (2) above.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BOK FINANCIAL CORPORATION

DATE: February 27, 2013

BY: /s/ George B.

Kaiser

George B. Kaiser

Chairman of the Board of Directors

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on February 27, 2013, by the following persons on behalf of the registrant and in the capacities indicated.

OFFICERS

/s/ George B. Kaiser

George B. Kaiser

Chairman of the Board of Directors

/s/ Stanley A. Lybarger

Stanley A. Lybarger

Director, President and Chief Executive Officer

/s/ Steven E. Nell

Steven E. Nell

Executive Vice President and

Chief Financial Officer

/s/ John C. Morrow

John C. Morrow

Senior Vice President and

Chief Accounting Officer

DIRECTORS

/s/ Gregory S. Allen

Gregory S. Allen

/s/ David F. Griffin

David F. Griffin

C. Fred Ball, Jr.

/s/ V. Burns Hargis

V. Burns Hargis

/s/ Sharon J. Bell

Sharon J. Bell

E. Carey Joullian, IV

/s/ Peter C. Boylan, III

Peter C. Boylan, III

/s/ Robert J. LaFortune

Robert J. LaFortune

/s/ Chester Cadieux, III

/s/ Steven J. Malcolm

Explanation of Responses:

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Chester Cadieux, III

Steven J. Malcolm

/s/ Joseph W. Craft, III
Joseph W. Craft, III

/s/ E.C. Richards
E.C. Richards

/s/ John W. Gibson

John W. Gibson

Michael C. Turpen

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