BANCFIRST CORP /OK/
Form 10-Q
November 03, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OFTHE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OFTHE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission File Number 0-14384

BancFirst Corporation

(Exact name of registrant as specified in charter)

Oklahoma	73-1221379
(State or other Jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

101 N. Broadway, Oklahoma City, Oklahoma	73102-8405
(Address of principal executive offices)	(Zip Code)

(405) 270-1086

(Registrant’s telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (sec. 232-405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No .

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

Large accelerated filer		Accelerated filer
Non-accelerated filer	(Do not check if a smaller reporting company)	Smaller reporting company
Emerging growth company		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

As of October 31, 2017 there were 31,870,063 shares of the registrant's Common Stock outstanding.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

BANCFIRST CORPORATION

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

	September 30, 2017 (unaudited)	December 31, 2016 (see Note 1)
ASSETS		
Cash and due from banks	$186,015	$183,921
Interest-bearing deposits with banks	1,530,928	1,666,540
Federal funds sold	12,000	700
Securities (fair value: $450,039 and $469,871, respectively)	450,009	469,833
Loans held for sale	11,776	9,318
Loans (net of unearned interest)	4,646,749	4,400,232
Allowance for loan losses	(51,255)	(48,693)
Loans, net of allowance for loan losses	4,595,494	4,351,539
Premises and equipment, net	130,188	126,771
Other real estate owned	3,851	3,526
Intangible assets, net	11,645	13,330
Goodwill	54,042	54,042
Accrued interest receivable and other assets	146,220	139,432
Total assets	$7,132,168	$7,018,952
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Noninterest-bearing	$2,582,203	$2,526,842
Interest-bearing	3,719,843	3,721,215
Total deposits	6,302,046	6,248,057
Short-term borrowings	2,100	500
Accrued interest payable and other liabilities	31,649	27,342
Junior subordinated debentures	31,959	31,959
Total liabilities	6,367,754	6,307,858
Stockholders' equity:		
Senior preferred stock, $1.00 par; 10,000,000 shares authorized; none issued	—	—
Cumulative preferred stock, $5.00 par; 900,000 shares authorized; none issued	—	—
Common stock, $1.00 par, 40,000,000 shares authorized; shares issued and	31,863	31,622

outstanding: 31,863,063 and 31,621,870, respectively		
Capital surplus	106,605	101,730
Retained earnings	625,782	577,648
Accumulated other comprehensive income, net of income tax of $(103) and $(59), respectively	164	94
Total stockholders' equity	764,414	711,094
Total liabilities and stockholders' equity	$7,132,168	$7,018,952

The accompanying Notes are an integral part of these consolidated financial statements.

BANCFIRST CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

(Dollars in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
INTEREST INCOME				
Loans, including fees	$56,090	$51,647	$164,488	$152,888
Securities:				
Taxable	1,763	1,242	5,430	3,913
Tax-exempt	187	248	552	746
Federal funds sold	6	1	7	1
Interest-bearing deposits with banks	4,972	1,968	12,837	5,622
Total interest income	63,018	55,106	183,314	163,170
INTEREST EXPENSE				
Deposits	5,247	3,149	13,272	9,321
Short-term borrowings	6	2	13	5
Junior subordinated debentures	532	524	1,589	1,569
Total interest expense	5,785	3,675	14,874	10,895
Net interest income	57,233	51,431	168,440	152,275
Provision for loan losses	3,276	2,940	5,189	9,847
Net interest income after provision for loan losses	53,957	48,491	163,251	142,428
NONINTEREST INCOME				
Trust revenue	3,083	2,685	8,929	7,752
Service charges on deposits	16,633	16,033	48,859	46,228
Securities transactions (includes accumulated other comprehensive income reclassifications of $0, $(85), $(142) and $15, respectively)	(22)	(146)	(352)	(111)
Income from sales of loans	732	863	2,180	2,120
Insurance commissions	4,603	4,372	12,894	11,762
Cash management	2,804	2,853	8,357	7,903
Gain/(loss) on sale of other assets	29	2	(20)	61
Other	1,307	1,265	4,390	3,886
Total noninterest income	29,169	27,927	85,237	79,601
NONINTEREST EXPENSE				
Salaries and employee benefits	31,471	30,591	93,672	89,956
Occupancy, net	3,298	3,217	9,264	9,115
Depreciation	2,493	2,556	7,305	7,653
Amortization of intangible assets	547	560	1,641	1,721
Data processing services	1,110	1,178	3,402	3,567
Net expense/(income) from other real estate owned	68	162	320	(944)
Marketing and business promotion	1,790	1,779	5,564	5,258
Deposit insurance	553	641	1,683	2,335
Other	9,270	8,520	26,290	24,554

Total noninterest expense	50,600	49,204	149,141	143,215
Income before taxes	32,526	27,214	99,347	78,814
Income tax expense	10,816	9,232	32,405	26,760
Net income	$21,710	$17,982	$66,942	$52,054
NET INCOME PER COMMON SHARE				
Basic	$0.68	$0.58	$2.11	$1.67
Diluted	$0.67	$0.57	$2.06	$1.64
OTHER COMPREHENSIVE INCOME				
Unrealized (losses)/gains on securities, net of tax of $178, $423, $11 and $(296), respectively	(282)	(670)	(17)	467
Reclassification adjustment for losses/(gains) included in net income, net of tax of $0, $(33), $(55) and $6, respectively	—	52	87	(9)
Other comprehensive (losses)/gains, net of tax of $178, $390, $(44) and $(290), respectively	(282)	(618)	70	458
Comprehensive income	$21,428	$17,364	$67,012	$52,512

The accompanying Notes are an integral part of these consolidated financial statements.

BANCFIRST CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(Unaudited)

(Dollars in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
COMMON STOCK				
Issued at beginning of period	$31,818	$31,120	$31,622	$31,194
Shares issued	45	270	241	396
Shares acquired and canceled	—	—	—	(200)
Issued at end of period	$31,863	$31,390	$31,863	$31,390
CAPITAL SURPLUS				
Balance at beginning of period	$105,440	$90,116	$101,730	$87,268
Common stock issued	811	3,632	4,056	5,536
Tax effect of stock options	—	1,204	—	1,247
Stock-based compensation arrangements	354	365	819	1,266
Balance at end of period	$106,605	$95,317	$106,605	$95,317
RETAINED EARNINGS				
Balance at beginning of period	$610,758	$552,991	$577,648	$535,521
Net income	21,710	17,982	66,942	52,054
Dividends on common stock ($0.21, $0.19, $0.59 and $0.55 per share, respectively)	(6,686)	(5,934)	(18,808)	(17,113)
Common stock acquired and canceled	—	—	—	(5,423)
Balance at end of period	$625,782	$565,039	$625,782	$565,039
ACCUMULATED OTHER COMPREHENSIVE INCOME				
Unrealized gains on securities:				
Balance at beginning of period	$446	$2,603	$94	$1,527
Net change	(282)	(618)	70	458
Balance at end of period	$164	$1,985	$164	$1,985
Total stockholders' equity	$764,414	$693,731	$764,414	$693,731

The accompanying Notes are an integral part of these consolidated financial statements.

BANCFIRST CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOW

(Unaudited)

(Dollars in thousands)

	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$66,942	$52,054
Adjustments to reconcile to net cash provided by operating activities:		
Provision for loan losses	5,189	9,847
Depreciation and amortization	8,946	9,374
Net amortization of securities premiums and discounts	(108)	161
Realized securities losses	352	111
Gain on sales of loans	(2,180)	(2,120)
Cash receipts from the sale of loans originated for sale	163,128	143,044
Cash disbursements for loans originated for sale	(163,460)	(136,903)
Deferred income tax benefit	(1,690)	(3,069)
Loss/(gain) on other assets	66	(1,294)
(Increase)/decrease in interest receivable	(1,651)	73
Increase/(decrease) in interest payable	188	(22)
Amortization of stock-based compensation arrangements	819	1,266
Excess tax benefit from stock-based compensation arrangements	(2,229)	—
Other, net	2,513	(1,684)
Net cash provided by operating activities	$76,825	$70,838
INVESTING ACTIVITIES		
Net increase in federal funds sold	(11,300)	(500)
Purchases of held for investment securities	(220)	(806)
Purchases of available for sale securities	(54,456)	(78,592)
Proceeds from maturities, calls and paydowns of held for investment securities	1,517	5,039
Proceeds from maturities, calls and paydowns of available for sale securities	72,853	153,620
Proceeds from sales of available for sale securities	—	426
Net change in loans	(251,883)	(82,782)
Purchases of premises, equipment and computer software	(11,495)	(7,845)
Proceeds from the sale of other real estate owned and other assets	2,846	8,740
Net cash used in investing activities	(252,138)	(2,700)
FINANCING ACTIVITIES		
Net change in deposits	53,989	51,591
Net increase in short-term borrowings	1,600	3,500
Issuance of common stock, net	4,297	7,079
Common stock acquired	—	(5,523)
Cash dividends paid	(18,091)	(16,806)
Net cash provided by financing activities	41,795	39,841
Net (decrease)/increase in cash, due from banks and interest-bearing deposits	(133,518)	107,979
Cash, due from banks and interest-bearing deposits at the beginning of the period	1,850,461	1,598,177

Cash, due from banks and interest-bearing deposits at the end of the period	$1,716,943	$1,706,156
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for interest	$14,688	$10,919
Cash paid during the period for income taxes	$32,051	$26,200
Noncash investing and financing activities:		
Unpaid common stock dividends declared	$6,686	$5,922

The accompanying Notes are an integral part of these consolidated financial statements.

BANCFIRST CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

(1) DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of BancFirst Corporation and its subsidiaries (the “Company”) conform to accounting principles generally accepted in the United State of America (U.S. GAAP) and general practice within the banking industry. A summary of significant accounting policies can be found in Note (1) to the Company’s Annual Report on Form 10-K for the year ended December 31, 2016.

Basis of Presentation

The accompanying unaudited interim consolidated financial statements include the accounts of BancFirst Corporation, Council Oak Partners, LLC, BancFirst Insurance Services, Inc., BancFirst Risk and Insurance Company, and BancFirst and its subsidiaries. The principal operating subsidiaries of BancFirst are Council Oak Investment Corporation, Council Oak Real Estate, Inc. and BancFirst Agency, Inc. All significant intercompany accounts and transactions have been eliminated. Assets held in a fiduciary or agency capacity are not assets of the Company and, accordingly, are not included in the unaudited interim consolidated financial statements.

The accompanying unaudited interim consolidated financial statements and notes are presented in accordance with the instructions for Form 10-Q. The information contained in the financial statements and footnotes included in BancFirst Corporation’s Annual Report on Form 10-K for the year ended December 31, 2016, should be referred to in connection with these unaudited interim consolidated financial statements. Operating results for the interim periods disclosed herein are not necessarily indicative of the results that may be expected for a full year or any future period.

The unaudited interim consolidated financial statements contained herein reflect all adjustments which are, in the opinion of management, necessary to provide a fair statement of the financial position and results of operations of the Company for the interim periods presented. All such adjustments are of a normal and recurring nature. There have been no significant changes in the accounting policies of the Company since December 31, 2016, the date of the most recent annual report.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States inherently involves the use of estimates and assumptions that affect the amounts reported in the financial statements and the related disclosures. These estimates relate principally to the determination of the allowance for loan losses, income taxes, the fair value of financial instruments and the valuation of intangibles. Such estimates and assumptions may change over time and actual amounts realized may differ from those reported.

Recent Accounting Pronouncements

Standards Adopted During Current Period:

In March 2017, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2017-08, “Receivables – Nonrefundable Fees and Other Costs (Topic 310-20): Premium Amortization on Purchased

Callable Debt Securities." ASU 2017-08 shortens the amortization period for certain callable debt securities held at a premium. The Company opted for early adoption of ASU 2017-08, as was permitted, on January 1, 2017. ASU 2017-08 did not have a significant impact on the Company's financial statements and no prior periods were adjusted.

In October 2016, the FASB issued ASU No. 2016-17, "Consolidation (Topic 810): Interests Held Through Related Parties That Are Under Common Control." ASU 2016-17 updates ASU No. 2015-02 to amend the consolidation guidance on how a reporting entity that is the single decision maker of a variable interest entity ("VIE") should treat indirect interests in the entity held through related parties that are under common control with the reporting entity when determining whether it is the primary beneficiary of that VIE. ASU 2016-17 was adopted on January 1, 2017 and did not have a significant impact on the Company's financial statements and no prior periods were adjusted.

In March 2016, the FASB issued ASU No. 2016-09, "Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting." Under ASU 2016-09 all excess tax benefits and tax deficiencies related to share-based payment awards should be recognized as income tax expense or benefit in the income statement during the period in which they occur. Previously, such amounts were recorded in the pool of excess tax benefits included in additional paid-in capital, if such pool was available. Because excess tax benefits are no longer recognized in additional paid-in capital, the assumed proceeds from applying the treasury stock method when computing earnings per share should exclude the amount of excess tax benefits that would have previously been recognized in additional paid-in capital. Additionally, excess tax benefits should be classified along with other income tax cash flows as an operating activity rather than a financing activity, as was previously the case. ASU 2016-09 also allows entities to make an entity-wide accounting policy election to account for forfeitures when they occur, which the Company has elected to do. ASU 2016-09 changes the threshold to qualify for equity classification (rather than as a liability) to permit withholding up to the maximum statutory tax rates (rather than the minimum as was previously the case) in the applicable jurisdictions. ASU 2016-09 was adopted on January 1, 2017 and did not have a significant impact on the Company's financial statements. In addition, ASU 2016-09 was applied prospectively and no prior periods were adjusted. The excess tax benefit for share-based payment awards that were exercised during the nine months ended September 30, 2017 was approximately $2.2 million.

In August 2014, the FASB issued ASU No. 2014-15, "Presentation of Financial Statements – Going Concern (Topic 205-40)." ASU 2014-15 provides guidance on management's responsibility in evaluating whether there is substantial doubt about the Company's ability to continue as a going concern and related footnote disclosures. For each reporting period, management will be required to evaluate whether there are conditions or events that raise substantial doubt about the Company's ability to continue as a going concern within one year from the date the financial statements are issued. ASU 2014-15 was adopted on January 1, 2017. Adoption of ASU 2014-15 did not have a significant effect on the Company's financial statements.

Standards Not Yet Adopted:

In May 2017, the FASB issued ASU No. 2017-09, "Compensation – Stock Compensation (Topic 718): Scope of Modification Accounting." The amendments in this update provide guidance about types of changes to the terms or conditions of share-based payment awards that would require an entity to apply modification accounting under ASC 718. ASU 2017-09 will be effective on January 1, 2018 and is not expected to have a significant impact on the Company's financial statements. Early adoption is permitted with prospective applications.

In January 2017, the FASB issued ASU No. 2017-04, "Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment." ASU 2017-04 removes the second step of goodwill testing. ASU 2017-04 will be effective on January 1, 2020 and is not expected to have a significant impact on the Company's financial statements.

In January 2017, the FASB issued ASU No. 2017-01, "Business Combinations (Topic 805): Clarifying the Definition of a Business." ASU 2017-01 clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of a business. ASU 2017-01 will be effective on January 1, 2018 and is not expected to have a significant impact on the Company's financial statements.

In October 2016, the FASB issued ASU No. 2016-16, "Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory." ASU 2016-16 provides guidance stating that an entity should recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. ASU 2016-16 will be effective on January 1, 2018 and is not expected to have a significant impact on the Company's financial statements.

In August 2016, the FASB issued ASU No. 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments." ASU 2016-15 is intended to reduce the diversity in practice around how certain transactions are classified within the statement of cash flows. ASU 2016-15 will be effective on January 1, 2018. Early adoption is permitted with retrospective applications. The Company is currently evaluating the potential impact of ASU 2016-15 on its financial statements.

In June 2016, the FASB issued ASU No. 2016-13, “Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.” ASU 2016-13 requires a financial asset measured at amortized cost basis to be presented at the net amount expected to be collected. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. ASU 2016-13 requires enhanced disclosures related to the significant estimates and judgements used in estimating credit losses, as well as the credit quality and underwriting standards of an organization’s portfolio. In addition, ASU 2016-13 amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. ASU 2016-13 will be effective on January 1, 2020. The Company is currently evaluating the potential impact of ASU 2016-13 on its financial statements.

In February 2016, the FASB issued ASU No. 2016-02, “Leases - (Topic 842).” ASU 2016-02 requires that lessees recognize on the balance sheet the assets and liabilities for the rights and obligations created by leases. The amendments are effective for annual periods, and interim reporting periods within those annual periods, beginning after December 15, 2018. Early adoption is permitted. Adoption of ASU 2016-02 is not expected to have a significant effect on the Company’s financial statements.

In January 2016, the FASB issued ASU No. 2016-01, “Financial Instruments - Overall (Subtopic 825-10).” ASU 2016-01 require all equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in the fair value recognized through net income. In addition, the amendment will require an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments. The amendments are effective for annual periods, and interim reporting periods within those annual periods, beginning after December 15, 2017. Early adoption is not permitted. Adoption of ASU 2016-01 is not expected to have a significant effect on the Company’s financial statements.

In January of 2014, the FASB issued ASU No. 2014-09, “Revenue from Contracts with Customer (Topic 606).” ASU 2014-09 implements a comprehensive new revenue recognition standard that will supersede substantially all existing revenue recognition guidance. The new standard’s core principle is that a company will recognize revenue when it transfers promised goods or services to customers in a manner that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The guidance does not apply to revenue associated with financial instruments, including loans and securities that are accounted for under other GAAP, which comprises a significant portion of the Company’s revenue stream. In August 2015, the FASB issued ASU No. 2015-14, “Revenue from Contracts with Customers (Topic 606).” ASU 2015-14 is an amendment to defer the effective date of ASU 2014-09. The amendments are effective for annual periods, and interim reporting periods within those annual periods, beginning after December 15, 2017. Adoption of ASU 2014-09 may require the Company to amend how it recognizes certain recurring revenue streams related to trust fees, which are recorded in non-interest expense; however, the Company does not expect the adoption of ASU 2014-09 to have a significant impact on the Company’s financial statements.

(2) RECENT DEVELOPMENTS, INCLUDING MERGERS AND ACQUISITIONS

Effective June 1, 2017, the Company organized a new captive insurance company named BancFirst Risk and Insurance Company ("the Captive"). The Captive is a wholly-owned subsidiary of BancFirst Corporation and is regulated by the Oklahoma Insurance Department. It insures certain risks of the Company and has entered into reinsurance agreements with a risk-sharing pool.

On July 31, 2017, the Company completed a two-for-one stock split of the Company’s outstanding shares of common stock. The stock was payable in the form of a dividend on or about July 31, 2017 to shareholders of record of the outstanding common stock as of the close of business record date of July 17, 2017. Stockholders received one additional share for each share held on that date. This represents the second stock split for the Company since going public. All share and per share amounts in these consolidated financial statements and related notes have been retroactively adjusted to reflect this stock split for all periods presented.

On September 7, 2017, the Company announced it had entered into an agreement to acquire First Wagoner Corp. and its subsidiary bank, First Bank & Trust Company, with locations in Carney, Disney, Grove, Ketchum, Luther, Tulsa and Wagoner. First Bank & Trust Company has approximately $280 million in total assets, $258 million in loans, $244 million in deposits, and $36 million in equity capital. The transaction is expected to be completed in January

2018 upon regulatory approval. The bank will operate as First Bank & Trust Company until it is merged into BancFirst, which is expected to be during the first quarter of 2018. The acquisition will not have a material effect on the Company's consolidated financial statements.

On September 7, 2017, the Company announced it had entered into an agreement to acquire First Chandler Corp. and its subsidiary bank, First Bank of Chandler, with two locations in Chandler. First Bank of Chandler has approximately $90 million in total assets, $82 million in loans, $79 million in deposits, and $11 million in equity capital. The transaction is expected to be completed in January 2018 upon regulatory approval. The bank will operate as First Bank of Chandler until it is merged into BancFirst, which is expected to be during the second quarter of 2018. The acquisition will not have a material effect on the Company's consolidated financial statements.

(3) SECURITIES

The following table summarizes securities held for investment and securities available for sale:

	September 30, 2017	December 31, 2016
	(Dollars in thousands)	
Held for investment, at cost (fair value: $3,098 and $4,403, respectively)	$3,068	$4,365
Available for sale, at fair value	446,941	465,468
Total	$450,009	$469,833

The following table summarizes the amortized cost and estimated fair values of securities held for investment:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
September 30, 2017	(Dollars in thousands)			
Mortgage backed securities (1)	$203	$ 12	$ —	$ 215
States and political subdivisions	2,365	19	(1)	2,383
Other securities	500	—	—	500
Total	$3,068	$ 31	$ (1)	$ 3,098
December 31, 2016				
Mortgage backed securities (1)	$252	$ 17	$ —	$ 269
States and political subdivisions	3,613	25	(4)	3,634
Other securities	500	—	—	500
Total	$4,365	$ 42	$ (4)	$ 4,403

The following table summarizes the amortized cost and estimated fair values of securities available for sale:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
September 30, 2017	(Dollars in thousands)			
U.S. treasuries	$284,874	$ 693	$ (293)	$285,274
U.S. federal agencies	94,150	212	(251)	94,111
Mortgage backed securities (1)	18,621	231	(577)	18,275
States and political subdivisions	42,678	773	(25)	43,426
Other securities (2)	6,351	189	(685)	5,855
Total	$446,674	$ 2,098	$ (1,831)	$446,941
December 31, 2016				

U.S. treasuries	$268,763	$ 700	$ (920)	$268,543
U.S. federal agencies	129,674	373	(405)	129,642
Mortgage backed securities (1)	19,949	290	(567)	19,672
States and political subdivisions	40,335	836	(129)	41,042
Other securities (2)	6,594	125	(150)	6,569
Total	$465,315	$ 2,324	$ (2,171)	$465,468

(1) Primarily consists of FHLMC, FNMA, GNMA and mortgage backed securities through U.S. agencies.
(2) Primarily consists of equity securities.

The maturities of securities held for investment and available for sale are summarized in the following table using contractual maturities. Actual maturities may differ from contractual maturities due to obligations that are called or prepaid. For purposes of the maturity table, mortgage-backed securities, which are not due at a single maturity date, have been presented at their contractual maturity.

	September 30, 2017		December 31, 2016	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
	(Dollars in thousands)			
Held for Investment				
Contractual maturity of debt securities:				
Within one year	$1,367	$1,374	$1,561	$1,568
After one year but within five years	1,037	1,048	1,937	1,951
After five years but within ten years	655	666	707	723
After ten years	9	10	160	161
Total	$3,068	$3,098	$4,365	$4,403
Available for Sale				
Contractual maturity of debt securities:				
Within one year	$113,844	$113,717	$66,542	$66,662
After one year but within five years	261,600	262,299	320,150	319,839
After five years but within ten years	6,257	6,616	5,830	6,152
After ten years	58,622	58,454	66,199	66,246
Total debt securities	440,323	441,086	458,721	458,899
Equity securities	6,351	5,855	6,594	6,569
Total	$446,674	$446,941	$465,315	$465,468

The following table is a summary of the Company’s book value of securities that were pledged as collateral for public funds on deposit, repurchase agreements and for other purposes as required or permitted by law:

	September 30, 2017	December 31, 2016
	(Dollars in thousands)	
Book value of pledged securities	$398,605	$439,692

(4) LOANS AND ALLOWANCE FOR LOAN LOSSES

The following is a schedule of loans outstanding by category:

September 30, 2017 December 31, 2016

	Amount	Percent	Amount	Percent
	(Dollars in thousands)			
Commercial and financial:				
Commercial and industrial	$943,881	20.31 %	$828,260	18.82 %
Oil & gas production and equipment	105,492	2.27	84,228	1.91
Agriculture	135,695	2.92	144,751	3.29
State and political subdivisions:				
Taxable	79,874	1.72	33,793	0.77
Tax-exempt	45,485	0.98	47,283	1.07
Real estate:				
Construction	425,023	9.15	420,884	9.57
Farmland	197,995	4.26	197,872	4.50
One to four family residences	868,332	18.69	846,360	19.24
Multifamily residential properties	47,142	1.01	57,806	1.31
Commercial	1,474,344	31.73	1,426,643	32.42
Consumer	284,864	6.13	279,704	6.36
Other (not classified above)	38,622	0.83	32,648	0.74
Total loans	$4,646,749	100.00 %	$4,400,232	100.00 %

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The Company’s loans are mostly to customers within Oklahoma and approximately 65% of the loans are secured by real estate. Credit risk on loans is managed through limits on amounts loaned to individual and related borrowers, underwriting standards and loan monitoring procedures. The amounts and types of collateral obtained, if any, to secure loans are based upon the Company’s underwriting standards and management’s credit evaluation. Collateral varies, but may include real estate, equipment, accounts receivable, inventory, livestock and securities. The Company’s interest in collateral is secured through filing mortgages and liens, and in some cases, by possession of the collateral.

The Company’s commercial and industrial loan category includes a small percentage of loans to companies that provide ancillary services to the oil and gas industry, such as transportation, preparation contractors and equipment manufacturers. The balance of these loans was approximately $64 million at September 30, 2017 and approximately $56 million at December 31, 2016.

Accounting policies related to appraisals, nonaccruals and charge-offs are disclosed in Note (1) to the Company’s Annual Report on Form 10-K for the year ended December 31, 2016.

Nonperforming and Restructured Assets

The following is a summary of nonperforming and restructured assets:

	September 30, 2017	December 31, 2016
	(Dollars in thousands)	
Past due 90 days or more and still accruing	$2,122	$ 1,962
Nonaccrual	27,665	31,798
Restructured	3,603	1,713
Total nonperforming and restructured loans	33,390	35,473
Other real estate owned and repossessed assets	4,099	3,866
Total nonperforming and restructured assets	$37,489	$ 39,339

Nonaccrual loans, accruing loans past due 90 days or more and restructured loans are shown in the table above. Had nonaccrual loans performed in accordance with their original contractual terms, the Company would have recognized additional interest income of approximately $1.3 million for the nine months ended September 30, 2017 and approximately $1.5 million for the nine months ended September 30, 2016.

The Company charges interest on principal balances outstanding on restructured loans during deferral periods. The current and future financial effects of the recorded balance of loans considered to be restructured were not considered to be material.

Loans are segregated into classes based upon the nature of the collateral and the borrower. These classes are used to estimate the credit risk component in the allowance for loan losses.

The following table is a summary of amounts included in nonaccrual loans, segregated by class of loans. Residential real estate refers to one-to-four family real estate.

	September 30,	December 31,

	2017	2016
	(Dollars in thousands)	
Real estate:		
Non-residential real estate owner occupied	$ 1,470	$ 713
Non-residential real estate other	1,811	5,688
Residential real estate permanent mortgage	878	1,116
Residential real estate all other	4,374	5,089
Commercial and financial:		
Non-consumer non-real estate	7,152	4,464
Consumer non-real estate	273	265
Other loans	9,384	8,370
Acquired loans	2,323	6,093
Total	$ 27,665	$ 31,798

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The following table presents an age analysis of past due loans, segregated by class of loans:

	Age Analysis of Past Due Loans						
	30-59 Days Past Due	60-89 Days Past Due	90 Days and Greater	Total Past Due Loans	Current Loans	Total Loans	Accruing Loans 90 Days or More Past Due
	(Dollars in thousands)						
As of September 30, 2017							
Real estate:							
Non-residential real estate owner occupied	$2,069	$510	$830	$3,409	$610,639	$614,048	$ 217
Non-residential real estate other	2,593	12	406	3,011	1,130,500	1,133,511	168
Residential real estate permanent mortgage	2,070	693	862	3,625	324,880	328,505	556
Residential real estate all other	2,077	867	1,134	4,078	767,895	771,973	435
Commercial and financial:							
Non-consumer non-real estate	1,223	5,264	1,518	8,005	1,225,849	1,233,854	215
Consumer non-real estate	1,807	536	381	2,724	287,197	289,921	256
Other loans	1,109	—	8,379	9,488	136,432	145,920	—
Acquired loans	773	131	513	1,417	127,600	129,017	275
Total	$13,721	$8,013	$14,023	$35,757	$4,610,992	$4,646,749	$ 2,122
As of December 31, 2016							
Real estate:							
Non-residential real estate owner occupied	$2,255	$96	$150	$2,501	$569,130	$571,631	$ —
Non-residential real estate other	611	16	418	1,045	1,122,351	1,123,396	—
Residential real estate permanent mortgage	2,742	649	1,273	4,664	320,749	325,413	513
Residential real estate all other	2,559	531	1,416	4,506	743,723	748,229	369
Commercial and financial:							
Non-consumer non-real estate	1,269	1,628	741	3,638	1,047,547	1,051,185	608
Consumer non-real estate	2,046	760	419	3,225	280,652	283,877	274
Other loans	5,345	958	7,775	14,078	127,404	141,482	45
Acquired loans	825	310	408	1,543	153,476	155,019	153
Total	$17,652	$4,948	$12,600	$35,200	$4,365,032	$4,400,232	$ 1,962

Impaired Loans

Loans are considered impaired when, based on current information and events, it is probable the Company will be unable to collect the full amount of scheduled principal and interest payments in accordance with the original contractual terms of the loan agreement. If a loan is impaired, a specific valuation allowance may be allocated, if necessary, so that the loan is reported, net of allowance for loss, at the present value of future cash flows using the loan’s existing rate, or the fair value of collateral if repayment is expected solely from the collateral.

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The following table presents impaired loans, segregated by class of loans. During the nine month period ended September 30, 2017, $2.3 million of interest income was recognized on impaired loans subsequent to their classification as impaired. During previous periods no material amount of interest income was recognized on impaired loans subsequent to their classification as impaired.

	Impaired Loans			
	Unpaid Principal Balance	Recorded Investment with Allowance	Related Allowance	Average Recorded Investment
	(Dollars in thousands)			
As of September 30, 2017				
Real estate:				
Non-residential real estate owner occupied	$1,886	$ 1,772	$ 64	$ 1,223
Non-residential real estate other	2,079	1,979	187	1,933
Residential real estate permanent mortgage	1,691	1,482	132	1,406
Residential real estate all other	5,116	4,886	1,893	5,079
Commercial and financial:				
Non-consumer non-real estate	17,295	10,493	2,279	7,868
Consumer non-real estate	639	604	110	691
Other loans	10,873	9,384	772	9,728
Acquired loans	4,567	2,879	—	3,209
Total	$44,146	$ 33,479	$ 5,437	$ 31,137
As of December 31, 2016				
Real estate:				
Non-residential real estate owner occupied	$894	$ 806	$ 101	$ 825
Non-residential real estate other	7,742	5,688	574	5,854
Residential real estate permanent mortgage	1,878	1,683	124	1,612
Residential real estate all other	5,871	5,614	1,538	5,445
Commercial and financial:				
Non-consumer non-real estate	12,015	6,272	1,457	6,478
Consumer non-real estate	686	650	133	788
Other loans	9,799	8,415	1,870	8,062
Acquired loans	8,780	6,581	—	6,041
Total	$47,665	$ 35,709	$ 5,797	$ 35,105

Credit Risk Monitoring and Loan Grading

The Company considers various factors to monitor the credit risk in the loan portfolio including volume and severity of loan delinquencies, nonaccrual loans, internal grading of loans, historical loan loss experience and economic conditions.

An internal risk grading system is used to indicate the credit risk of loans. The loan grades used by the Company are for internal risk identification purposes and do not directly correlate to regulatory classification categories or any financial reporting definitions.

The general characteristics of the risk grades are disclosed in Note (5) to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

The following table presents internal loan grading by class of loans:

	Internal Loan Grading Grade					
	1	2	3	4	5	Total
	(Dollars in thousands)					
As of September 30, 2017						
Real estate:						
Non-residential real estate owner occupied	$490,986	$107,108	$14,056	$1,898	$—	$614,048
Non-residential real estate other	941,470	175,333	14,672	2,036	—	1,133,511
Residential real estate permanent mortgage	287,905	33,335	5,547	1,718	—	328,505
Residential real estate all other	613,932	142,874	9,825	5,342	—	771,973
Commercial and financial:						
Non-consumer non-real estate	963,362	236,765	26,318	7,409	—	1,233,854
Consumer non-real estate	269,864	17,479	1,977	601	—	289,921
Other loans	136,765	6,337	1,489	1,329	—	145,920
Acquired loans	71,878	36,807	17,673	2,659	—	129,017
Total	$3,776,162	$756,038	$91,557	$22,992	$—	$4,646,749
As of December 31, 2016						
Real estate:						
Non-residential real estate owner occupied	$464,504	$89,978	$16,220	$929	$—	$571,631
Non-residential real estate other	933,743	169,561	14,404	5,688	—	1,123,396
Residential real estate permanent mortgage	284,893	32,889	5,987	1,644	—	325,413
Residential real estate all other	614,338	119,018	9,382	5,491	—	748,229
Commercial and financial:						
Non-consumer non-real estate	856,318	170,865	19,101	4,901	—	1,051,185
Consumer non-real estate	263,442	17,154	2,640	641	—	283,877
Other loans	132,254	5,376	1,514	2,338	—	141,482
Acquired loans	92,946	42,668	12,888	6,517	—	155,019
Total	$3,642,438	$647,509	$82,136	$28,149	$—	$4,400,232

Allowance for Loan Losses Methodology

The allowance for loan losses (“ALL”) methodology is disclosed in Note (5) to the Company’s Annual Report on Form 10-K for the year ended December 31, 2016.

The following table details activity in the ALL by class of loans for the period presented. Allocation of a portion of the allowance to one category of loans does not preclude its availability to absorb losses in other categories.

	ALL Balance at beginning of period	Charge-offs	Recoveries	Net charge-offs	Provisions charged to operations	Balance at end of period
	(Dollars in thousands)					
Three Months Ended September 30, 2017						
Real estate:						
Non-residential real estate owner occupied	$5,685	$(2)	$ 1	$ (1)	$ 261	$5,945
Non-residential real estate other	10,480	—	1	1	70	10,551
Residential real estate permanent mortgage	3,148	(90)	9	(81)	91	3,158
Residential real estate all other	8,912	(89)	13	(76)	503	9,339
Commercial and financial:						
Non-consumer non-real estate	13,643	(538)	24	(514)	1,838	14,967
Consumer non-real estate	2,706	(238)	57	(181)	207	2,732
Other loans	3,006	(47)	—	(47)	153	3,112
Acquired loans	1,425	(134)	7	(127)	153	1,451
Total	$49,005	$(1,138)	$ 112	$ (1,026)	$ 3,276	$51,255
Nine Months Ended September 30, 2017						
Real estate:						
Non-residential real estate owner occupied	$5,602	$(74)	$ 5	$ (69)	$ 412	$5,945
Non-residential real estate other	10,793	(26)	3	(23)	(219)	10,551
Residential real estate permanent mortgage	3,129	(246)	20	(226)	255	3,158
Residential real estate all other	8,622	(162)	30	(132)	849	9,339
Commercial and financial:						
Non-consumer non-real estate	12,421	(1,215)	986	(229)	2,775	14,967
Consumer non-real estate	2,804	(706)	140	(566)	494	2,732
Other loans	4,045	(1,321)	22	(1,299)	366	3,112
Acquired loans	1,277	(148)	65	(83)	257	1,451
Total	$48,693	$(3,898)	$ 1,271	$ (2,627)	$ 5,189	$51,255

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	ALL Balance at beginning of period	Charge-offs	Recoveries	Net charge-offs	Provisions charged to operations	Balance at end of period
	(Dollars in thousands)					
Three Months Ended September 30, 2016						
Real estate:						
Non-residential real estate owner occupied	$4,896	$(1)	$ —	$ (1)	$ 214	$5,109
Non-residential real estate other	10,302	(5)	1	(4)	285	10,583
Residential real estate permanent mortgage	3,203	(58)	10	(48)	52	3,207
Residential real estate all other	8,293	(10)	8	(2)	212	8,503
Commercial and financial:						
Non-consumer non-real estate	13,441	(1,053)	31	(1,022)	(385)	12,034
Consumer non-real estate	2,749	(374)	61	(313)	443	2,879
Other loans	3,377	(18)	2	(16)	812	4,173
Acquired loans	305	(41)	2	(39)	1,307	1,573
Total	$46,566	$(1,560)	$ 115	$ (1,445)	$ 2,940	$48,061
Nine Months Ended September 30, 2016						
Real estate:						
Non-residential real estate owner occupied	$4,661	$(11)	$ —	$ (11)	$ 459	$5,109
Non-residential real estate other	9,921	(9)	3	(6)	668	10,583
Residential real estate permanent mortgage	3,148	(157)	48	(109)	168	3,207
Residential real estate all other	6,725	(147)	19	(128)	1,906	8,503
Commercial and financial:						
Non-consumer non-real estate	11,754	(2,358)	77	(2,281)	2,561	12,034
Consumer non-real estate	2,642	(729)	137	(592)	829	2,879
Other loans	2,648	(300)	15	(285)	1,810	4,173
Acquired loans	167	(58)	18	(40)	1,446	1,573
Total	$41,666	$(3,769)	$ 317	$ (3,452)	$ 9,847	$48,061

The following table details the amount of ALL by class of loans for the period presented, detailed on the basis of the impairment methodology used by the Company.

	ALL September 30, 2017		December 31, 2016	
	Individually evaluated for	Collectively evaluated for	Individually evaluated for	Collectively evaluated for

	impairment	impairment	impairment	impairment
	(Dollars in thousands)			
Real estate:				
Non-residential real estate owner occupied.	$625	$ 5,320	$716	$ 4,886
Non-residential real estate other	740	9,811	1,119	9,674
Residential real estate permanent mortgage	422	2,736	422	2,707
Residential real estate all other	2,570	6,769	2,160	6,462
Commercial and financial:				
Non-consumer non-real estate	4,694	10,273	3,317	9,104
Consumer non-real estate	374	2,358	478	2,326
Other loans	671	2,441	1,812	2,233
Acquired loans	12	1,439	495	782
Total	$10,108	$ 41,147	$10,519	$ 38,174

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The following table details the loans outstanding by class of loans for the period presented, on the basis of the impairment methodology used by the Company.

	Loans					
	September 30, 2017			December 31, 2016		
	Individually evaluated for impairment	Collectively evaluated for impairment	Loans acquired with deteriorated credit quality	Individually evaluated for impairment	Collectively evaluated for impairment	Loans acquired with deteriorated credit quality
	(Dollars in thousands)					
Real estate:						
Non-residential real estate owner occupied	$15,954	$598,094	$ —	$17,149	$554,482	$ —
Non-residential real estate other	16,707	1,116,804	—	20,092	1,103,304	—
Residential real estate permanent mortgage	7,265	321,240	—	7,631	317,782	—
Residential real estate all other	15,167	756,806	—	14,873	733,356	—
Commercial and financial:						
Non-consumer non-real estate	33,727	1,200,127	—	24,002	1,027,183	—
Consumer non-real estate	2,578	287,343	—	3,203	280,674	—
Other loans	207	145,713	—	2,254	139,228	—
Acquired loans	14,782	108,686	5,549	13,459	135,616	5,944
Total	$106,387	$4,534,813	$ 5,549	$102,663	$4,291,625	$ 5,944

Transfers from Loans

Transfers from loans to other real estate owned and repossessed assets are non-cash transactions, and are not included in the statements of cash flow.

Transfers from loans to other real estate owned and repossessed assets during the periods presented, are summarized as follows:

	Nine Months Ended September 30,	
	2017	2016
	(Dollars in thousands)	
Other real estate owned	$1,906	$2,453
Repossessed assets	887	1,117
Total	$2,793	$3,570

(5) INTANGIBLE ASSETS

The following is a summary of intangible assets:

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	(Dollars in thousands)		
As of September 30, 2017			
Core deposit intangibles	$17,447	$ (7,991)	$9,456
Customer relationship intangibles	5,699	(3,680)	2,019
Mortgage servicing intangibles	449	(279)	170
Total	$23,595	$ (11,950)	$11,645
As of December 31, 2016			
Core deposit intangibles	$17,447	$ (6,611)	$10,836
Customer relationship intangibles	5,699	(3,419)	2,280
Mortgage servicing intangibles	473	(259)	214
Total	$23,619	$ (10,289)	$13,330

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The following is a summary of goodwill by business segment:

	Metropolitan Banks	Community Banks	Other Financial Services	Executive, Operations & Support	Consolidated
	(Dollars in thousands)				
Nine months ended September 30, 2017					
Balance at beginning and end of period	$8,078	$ 40,050	$ 5,464	$ 450	$ 54,042

Additional information for intangible assets can be found in Note (7) to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

(6) STOCK-BASED COMPENSATION

The Company adopted a nonqualified incentive stock option plan (the "BancFirst ISOP") in May 1986. The Company has amended the BancFirst ISOP since 1986 to increase the number of shares to be issued under the plan to 6,400,000 shares. At September 30, 2017, there were 371,470 shares available for future grants. The BancFirst ISOP will terminate on December 31, 2019. The options are exercisable beginning four years from the date of grant at the rate of 25% per year for four years. Options expire at the end of fifteen years from the date of grant. Options outstanding as of September 30, 2017 will become exercisable through the year 2024. The option price must be no less than 100% of the fair value of the stock relating to such option at the date of grant.

In June 1999, the Company adopted the BancFirst Corporation Non-Employee Directors' Stock Option Plan (the "BancFirst Directors' Stock Option Plan"). Each non-employee director is granted an option for 10,000 shares. The Company has amended the BancFirst Directors' Stock Option Plan since 1999 to increase the number of shares to be issued under the plan to 520,000 shares. At September 30, 2017, there were 60,000 shares available for future grants. The options are exercisable beginning one year from the date of grant at the rate of 25% per year for four years, and expire at the end of fifteen years from the date of grant. Options outstanding as of September 30, 2017 will become exercisable through the year 2021. The option price must be no less than 100% of the fair value of the stock relating to such option at the date of grant.

The Company currently uses newly issued shares for stock option exercises, but reserves the right to use shares purchased under the Company's Stock Repurchase Program (the "SRP") in the future.

The following table is a summary of the activity under both the BancFirst ISOP and the BancFirst Directors' Stock Option Plan:

	Options	Wgtd. Avg. Exercise Price	Wgtd. Avg. Remaining Contractual Term	Aggregate Intrinsic Value
	(Dollars in thousands, except option data)			
Nine Months Ended September 30, 2017				
Outstanding at December 31, 2016	1,414,900	$ 22.46		

Options granted	80,000	46.63		
Options exercised	(231,275)	17.78		
Outstanding at September 30, 2017	1,263,625	24.84	9.72 Yrs	$ 40,317
Exercisable at September 30, 2017	523,625	19.44	6.67 Yrs	$ 19,539

The following table has additional information regarding options granted and options exercised under both the BancFirst ISOP and the BancFirst Directors' Stock Option Plan:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
	(Dollars in thousands except per share data)			
Weighted average grant-date fair value per share of options granted	$11.63	$7.00	$11.21	$5.96
Total intrinsic value of options exercised	1,493	5,063	7,138	6,733
Cash received from options exercised	856	3,859	4,113	5,735
Tax benefit realized from options exercised	578	1,958	2,761	2,604

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model and is based on certain assumptions including risk-free rate of return, dividend yield, stock price volatility and the expected term. The fair value of each option is expensed over its vesting period.

The following table is a summary of the Company's recorded stock-based compensation expense:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
	(Dollars in thousands)			
Stock-based compensation expense	$354	$365	$819	$1,266
Tax benefit	137	142	317	490
Stock-based compensation expense, net of tax	$217	$223	$502	$776

The Company will continue to amortize the unearned stock-based compensation expense over the remaining vesting period of approximately seven years. The following table shows the unearned stock-based compensation expense:

	September 30, 2017 (Dollars in thousands)
Unearned stock-based compensation expense	$ 2,968

The following table shows the assumptions used for computing stock-based compensation expense under the fair value method on options granted during the periods presented:

	Nine Months Ended	
	September 30,	
	2017	2016
Risk-free interest rate	2.15 to 2.38%	1.46 to 2.02%
Dividend yield	2.00%	2.00%
Stock price volatility	22.57 to 23.53%	20.41 to 21.78%
Expected term	10 Yrs	10 Yrs

The risk-free interest rate is determined by reference to the spot zero-coupon rate for the U.S. Treasury security with a maturity similar to the expected term of the options. The dividend yield is the expected yield for the expected term. The stock price volatility is estimated from the recent historical volatility of the Company's stock. The expected term is estimated from the historical option exercise experience.

In May 1999, the Company adopted the BancFirst Corporation Directors' Deferred Stock Compensation Plan (the "BancFirst Deferred Stock Compensation Plan"). The Company has amended the BancFirst Deferred Stock Compensation Plan since 1999 to increase the number of shares to be issued under the plan to 222,220 shares. Under the plan, directors and members of the community advisory boards of the Company and its subsidiaries may defer up to 100% of their board fees. They are credited for each deferral with a number of stock units based on the current market price of the Company's stock, which accumulate in an account until such time as the director or community board member terminates serving as a board member. Shares of common stock of the Company are then distributed to the terminating director or community board member based upon the number of stock units accumulated in his or her account. There were 9,918 shares of common stock distributed from the BancFirst Deferred Stock Compensation Plan during the nine months ended September 30, 2017.

A summary of the accumulated stock units is as follows:

	September 30, 2017	December 31, 2016
Accumulated stock units	136,679	140,044
Average price	$ 22.33	$ 20.87

(7) STOCKHOLDERS' EQUITY

In November 1999, the Company adopted a Stock Repurchase Program (the "SRP"). The SRP may be used as a means to increase earnings per share and return on equity, to purchase treasury stock for the exercise of stock options or for distributions under the Deferred Stock Compensation Plan, to provide liquidity for optionees to dispose of stock from exercises of their stock options and to provide liquidity for stockholders wishing to sell their stock. All shares repurchased under the SRP have been retired and not held as treasury stock. The timing, price and amount of stock repurchases may be determined by management within the limitations of the SRP.

All share repurchased in 2016 were purchased in the first three months of the year. The following table is a summary of the shares under the program:

	Nine Months Ended September 30, 2017	2016
Number of shares repurchased	—	200,000
Average price of shares repurchased	$—	$27.62
Shares remaining to be repurchased	300,000	300,000

The Company and BancFirst are subject to risk-based capital guidelines issued by the Board of Governors of the Federal Reserve System and the Federal Deposit Insurance Corporation ("FDIC"). These guidelines are used to evaluate capital adequacy and involve both quantitative and qualitative evaluations of the Company's and BancFirst's assets, liabilities and certain off-balance-sheet items calculated under regulatory practices. Failure to meet the minimum capital requirements can initiate certain mandatory or discretionary actions by the regulatory agencies that could have a direct material effect on the Company's financial statements. Management believes that as of September 30, 2017, the Company and BancFirst met all capital adequacy requirements to which they are subject. The actual and required capital amounts and ratios are shown in the following table:

	Actual Amount	Ratio	Required For Capital Adequacy Purposes Amount	Ratio	With Capital Conservation Buffer Amount	Ratio	To Be Well Capitalized Under Prompt Corrective Action Provisions Amount	Ratio
	(Dollars in thousands)							
As of September 30, 2017:								
Total Capital								
(to Risk Weighted Assets)-								
BancFirst Corporation	$782,662	15.58%	$401,869	8.00%	$464,661	9.250%	N/A	N/A
BancFirst	702,516	14.00%	401,415	8.00%	464,137	9.250%	$501,769	10.00%
Common Equity Tier 1 Capital								
(to Risk Weighted Assets)-								
BancFirst Corporation	$700,407	13.94%	$226,051	4.50%	$288,843	5.750%	N/A	N/A
BancFirst	631,261	12.58%	225,796	4.50%	288,517	5.750%	$326,150	6.50%
Tier 1 Capital								
(to Risk Weighted Assets)-								
BancFirst Corporation	$731,407	14.56%	$301,402	6.00%	$364,194	7.250%	N/A	N/A
BancFirst	651,261	12.98%	301,062	6.00%	363,783	7.250%	$401,415	8.00%
Tier 1 Capital								
(to Total Assets)-								
BancFirst Corporation	$731,407	10.44%	$280,325	4.00%	N/A	N/A	N/A	N/A
BancFirst	651,261	9.31%	279,919	4.00%	N/A			