BANCFIRST CORP /OK/
Form 10-Q
May 04, 2018

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 March 31, 2018

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 April 30, 2018 there were 32,713,215 shares of the registrant's Common Stock outstanding.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

BANCFIRST CORPORATION

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

	March 31, 2018 (unaudited)	December 31, 2017 (see Note 1)
ASSETS		
Cash and due from banks	$181,863	$216,104
Interest-bearing deposits with banks	1,590,240	1,541,771
Federal funds sold	21,097	700
Securities (fair value: $493,108 and $470,006, respectively)	493,101	469,995
Loans held for sale	6,197	6,173
Loans (net of unearned interest)	4,984,484	4,721,995
Allowance for loan losses	(51,550)	(51,666)
Loans, net of allowance for loan losses	4,932,934	4,670,329
Premises and equipment, net	141,163	134,088
Other real estate owned	3,478	4,136
Intangible assets, net	18,782	11,082
Goodwill	79,796	54,042
Accrued interest receivable and other assets	146,991	144,736
Total assets	$7,615,642	$7,253,156
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Noninterest-bearing	$2,629,984	$2,550,150
Interest-bearing	4,083,068	3,864,895
Total deposits	6,713,052	6,415,045
Short-term borrowings	100	900
Accrued interest payable and other liabilities	32,435	29,623
Junior subordinated debentures	31,959	31,959
Total liabilities	6,777,546	6,477,527
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	32,708	31,895

outstanding: 32,707,166 and 31,894,563, respectively		
Capital surplus	147,762	107,481
Retained earnings	661,341	638,580
Accumulated other comprehensive loss, net of income tax of $(1,269) and $(795), respectively	(3,715)	(2,327)
Total stockholders' equity	838,096	775,629
Total liabilities and stockholders' equity	$7,615,642	$7,253,156

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 March 31, 2018	2017
INTEREST INCOME		
Loans, including fees	$62,919	$53,635
Securities:		
Taxable	1,898	1,761
Tax-exempt	171	187
Federal funds sold	104	—
Interest-bearing deposits with banks	5,782	3,440
Total interest income	70,874	59,023
INTEREST EXPENSE		
Deposits	7,269	3,725
Short-term borrowings	35	3
Junior subordinated debentures	535	527
Total interest expense	7,839	4,255
Net interest income	63,035	54,768
Provision for loan losses	314	72
Net interest income after provision for loan losses	62,721	54,696
NONINTEREST INCOME		
Trust revenue	3,129	2,952
Service charges on deposits	16,653	15,778
Securities transactions (includes no accumulated other comprehensive income reclassifications)	(14)	—
Income from sales of loans	651	632
Insurance commissions	5,199	4,563
Cash management	3,021	2,754
Gain (loss) on sale of other assets	26	(24)
Other	1,445	1,430
Total noninterest income	30,110	28,085
NONINTEREST EXPENSE		
Salaries and employee benefits	34,190	30,654
Occupancy, net	3,402	2,974
Depreciation	2,410	2,420
Amortization of intangible assets	733	547
Data processing services	1,203	1,195
Net expense from other real estate owned	26	50
Marketing and business promotion	2,352	2,215
Deposit insurance	619	588
Other	10,955	8,945
Total noninterest expense	55,890	49,588

Income before taxes	36,941	33,193
Income tax expense	7,321	11,143
Net income	$29,620	$22,050
NET INCOME PER COMMON SHARE		
Basic	$0.91	$0.70
Diluted	$0.89	$0.68
OTHER COMPREHENSIVE LOSS		
Unrealized losses on securities, net of tax of $474 and $113, respectively	(1,388)	(178)
Reclassification adjustment for losses included in net income	—	—
Other comprehensive losses, net of tax of $474 and $113, respectively	(1,388)	(178)
Comprehensive income	$28,232	$21,872

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 March 31,	
	2018	2017
COMMON STOCK		
Issued at beginning of period	$31,895	$31,622
Shares issued for stock options	80	160
Shares issued for acquisitions	733	—
Issued at end of period	$32,708	$31,782
CAPITAL SURPLUS		
Balance at beginning of period	$107,481	$101,730
Common stock issued for stock options	1,210	2,592
Common stock issued for acquisitions	38,765	—
Stock-based compensation arrangements	306	222
Balance at end of period	$147,762	$104,544
RETAINED EARNINGS		
Balance at beginning of period	$638,580	$577,648
Net income	29,620	22,050
Dividends on common stock ($0.21 and $0.19 per share, respectively)	(6,859)	(6,067)
Balance at end of period	$661,341	$593,631
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized gains on securities:		
Balance at beginning of period	$(2,327)	$94
Net change	(1,388)	(178)
Balance at end of period	$(3,715)	$(84)
Total stockholders' equity	$838,096	$729,873

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

BANCFIRST CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOW

(Unaudited)

(Dollars in thousands)

	Three Months Ended March 31, 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$29,620	$ 22,050
Adjustments to reconcile to net cash provided by operating activities:		
Provision for loan losses	314	72
Depreciation and amortization	3,143	2,967
Net amortization of securities premiums and discounts	(49)	(47)
Realized securities losses	14	—
Gain on sales of loans	(651)	(632)
Cash receipts from the sale of loans originated for sale	44,558	43,005
Cash disbursements for loans originated for sale	(43,949)	(40,826)
Deferred income tax benefit	(117)	(485)
(Gain)/loss on other assets	(21)	35
(Increase)/decrease in interest receivable	(1,111)	598
Increase in interest payable	353	22
Amortization of stock-based compensation arrangements	306	222
Excess tax benefit from stock-based compensation arrangements	(647)	(376)
Other, net	(8,067)	5,310
Net cash provided by operating activities	$23,696	$ 31,915
INVESTING ACTIVITIES		
Net cash received from acquisitions, net of cash paid	$6,248	$ —
Net decrease in federal funds sold	2,451	500
Purchases of available for sale securities	(30,861)	(20,511)
Proceeds from maturities, calls and paydowns of held for investment securities	213	361
Proceeds from maturities, calls and paydowns of available for sale securities	5,729	26,489
Proceeds from sales of available for sale securities	1,460	—
Net change in loans	48,819	7,366
Purchases of premises, equipment and computer software	(7,168)	(3,369)
Proceeds from the sale of other real estate owned and other assets	1,802	1,186
Net cash provided by investing activities	28,693	12,022
FINANCING ACTIVITIES		
Net change in deposits	(31,953)	146,570
Net (decrease)/increase in short-term borrowings	(800)	300
Issuance of common stock in connection with stock options, net	1,290	2,752
Cash dividends paid	(6,698)	(6,008)
Net cash (used in) provided by financing activities	(38,161)	143,614
Net increase in cash, due from banks and interest-bearing deposits	14,228	187,551
Cash, due from banks and interest-bearing deposits at the beginning of the period	1,757,875	1,850,461
Cash, due from banks and interest-bearing deposits at the end of the period	$1,772,103	$ 2,038,012

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for interest	$7,486	$ 4,235
Cash paid during the period for income taxes	$1,250	$ 1,100
Noncash investing and financing activities:		
Stock issued in acquisitions	$39,498	$ —
Cash consideration for acquisitions	$24,722	$ —
Fair value of assets acquired in acquisitions	$377,320	$ —
Liabilities assumed in acquisitions	$338,860	$ —
Unpaid common stock dividends declared	$6,854	$ 6,028

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, 2017.

Basis of Presentation

The accompanying unaudited interim consolidated financial statements include the accounts of BancFirst Corporation, First Bank of Chandler, 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, 2017, 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, 2017, 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 February 2018, the FASB issued ASU No. 2018-2, Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income. ASU 2018-2 allows a reclassification from accumulated other comprehensive income (loss) to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act. ASU 2018-2 is effective for fiscal years beginning after December 15, 2018 with early adoption permitted. The Company elected to early adopt the provisions of ASU 2018-2 and the amount to reclassify was immaterial to the Company's financial statements. The Company's policy is to release material stranded tax effects on a specific identification basis.

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 of conditions of share-based payment awards that would require an entity to apply modification accounting under ASC 718. ASU 2017-09 was adopted on January 1, 2018 and did not have a significant impact on the Company's financial statements and no prior periods were adjusted.

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 is effective for fiscal years beginning after December 31, 2019 with early adoption permitted. The Company elected to early adopt ASU 2017-4 and it did not 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 was adopted on January 1, 2018 and did not 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 was adopted on January 1, 2018 and did not have a significant impact on the Company's financial statements and no prior periods were adjusted.

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 was adopted on January 1, 2018 and did not have a significant impact 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 requires 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. ASU 2016-01 also emphasizes the existing requirement to use exit prices to measure fair value for disclosure purposes and clarifies that entities should not make use of a practicability exception in determining the fair value of loans. Accordingly, we refined the calculation used to determine the disclosed fair value of the Company's loans held for investment as part of adopting this standard. The refined calculation did not have a significant impact on the Company's fair value disclosures. ASU 2016-01 was adopted on January 1, 2018 and did not have a significant impact on the Company's financial statements.

In January 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. ASU 2014-09 was adopted on January 1, 2018 and did not have a significant impact on the Company's financial statements.

Standards Not Yet Adopted:

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 for the Company on January 1, 2020. The Company is currently evaluating the potential impact of ASU 2016-13 on its financial statements. In that regard, the Company has formed a task force under the direction of its Chief Financial Officer. The Company is currently developing an implementation plan to include assessment of process, portfolio segmentation, model development, system requirements and the identification of data and resource need, among other things.

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.

(2) RECENT DEVELOPMENTS, INCLUDING MERGERS AND ACQUISITIONS

On January 11, 2018, the Company acquired First Wagoner Corp. and its subsidiary bank, First Bank & Trust Company, with locations in Carney, Grove, Ketchum, Luther, Tulsa and Wagoner. First Bank & Trust Company had approximately $290 million in total assets, $247 million in loans, $251 million in deposits and $36 million in equity capital. First Bank & Trust Company operated as a subsidiary of BancFirst Corporation until it was merged into BancFirst on February 16, 2018. As a result of the acquisition, the Company recorded a core deposit intangible of approximately $6.3 million and goodwill of approximately $19.1 million. These fair value estimates are considered preliminary and are subject to change for up to one year after the closing date of the acquisition as additional information becomes available. The effect of this acquisition was included in the consolidated financial statements of the

Company from the date of acquisition forward. The acquisition did not have a material effect on the Company's consolidated financial statements. The acquisition of First Wagoner Corp. and its subsidiary bank, First Bank & Trust Company complements the Company's community banking strategy by adding five communities to its banking network in Oklahoma.

On January 11, 2018, the Company acquired First Chandler Corp. and its subsidiary bank, First Bank of Chandler, with two locations in Chandler. First Bank of Chandler had approximately $88 million in total assets, $66 million in loans, $79 million in deposits and $11 million in equity capital. The bank will operate as First Bank of Chandler until it is merged into BancFirst, which is expected to be during the third quarter of 2018. As a result of the acquisition, the Company recorded a core deposit intangible of approximately $2.2 million and goodwill of approximately $6.7 million. These fair value estimates are considered preliminary and are subject to change for up to one year after the closing date of the acquisition as additional information becomes available. The effect of this acquisition was included in the consolidated financial statements of the Company from the date of acquisition forward. The acquisition did not have a material effect on the Company's consolidated financial statements. The acquisition of First Chandler Corp. and its subsidiary bank, First Bank of Chandler complements the Company's community banking strategy by increasing its banking network in Oklahoma.

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 was 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.

(3) SECURITIES

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

	March 31, 2018	December 31, 2017
	(Dollars in thousands)	
Held for investment, at cost (fair value: $2,086 and $2,303, respectively)	$ 2,079	$ 2,292
Available for sale, at fair value	491,022	467,703
Total	$ 493,101	$ 469,995

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

	Amortized	Gross	Gross	Estimated

	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2018	(Dollars in thousands)			
Mortgage backed securities (1)	$174	$ 7	$ —	$ 181
States and political subdivisions	1,405	1	(1)	1,405
Other securities	500	—	—	500
Total	$2,079	$ 8	$ (1)	$ 2,086
December 31, 2017				
Mortgage backed securities (1)	$187	$ 10	$ —	$ 197
States and political subdivisions	1,605	3	(2)	1,606
Other securities	500	—	—	500
Total	$2,292	$ 13	$ (2)	$ 2,303

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
March 31, 2018	(Dollars in thousands)			
U.S. treasuries	$344,978	$ 74	$ (3,803)	$341,249
U.S. federal agencies	86,172	11	(283)	85,900
Mortgage backed securities (1)	18,114	165	(594)	17,685
States and political subdivisions	39,654	412	(143)	39,923
Other securities (2)	7,088	71	(894)	6,265
Total	$496,006	$ 733	$ (5,717)	$491,022
December 31, 2017				
U.S. treasuries	$314,905	$ —	$ (2,103)	$312,802
U.S. federal agencies	89,098	82	(329)	88,851
Mortgage backed securities (1)	18,358	204	(586)	17,976
States and political subdivisions	41,937	554	(121)	42,370
Other securities (2)	6,527	71	(894)	5,704
Total	$470,825	$ 911	$ (4,033)	$467,703

(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.

	March 31, 2018		December 31, 2017	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
	(Dollars in thousands)			
Held for Investment				
Contractual maturity of debt securities:				
Within one year	$1,036	$1,036	$1,036	$1,034
After one year but within five years	422	422	623	627
After five years but within ten years	613	620	625	633
After ten years	8	8	8	9
Total	$2,079	$2,086	$2,292	$2,303

Available for Sale				
Contractual maturity of debt securities:				
Within one year	$162,621	$162,261	$113,225	$112,974
After one year but within five years	268,010	264,525	289,038	287,058
After five years but within ten years	5,616	5,819	6,222	6,500
After ten years	52,671	52,152	55,813	55,467
Total debt securities	488,918	484,757	464,298	461,999
Equity securities	7,088	6,265	6,527	5,704
Total	$496,006	$491,022	$470,825	$467,703

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:

	March 31, 2018	December 31, 2017
	(Dollars in thousands)	
Book value of pledged securities	$414,121	$440,069

(4) LOANS AND ALLOWANCE FOR LOAN LOSSES

The following is a schedule of loans outstanding by category:

	March 31, 2018		December 31, 2017	
	Amount	Percent	Amount	Percent
	(Dollars in thousands)			
Commercial and financial:				
Commercial and industrial	$1,045,706	20.98 %	$995,207	21.08 %
Oil & gas production and equipment	91,051	1.83	95,574	2.02
Agriculture	142,146	2.85	141,249	2.99
State and political subdivisions:				
Taxable	70,932	1.42	73,827	1.56
Tax-exempt	51,765	1.04	48,626	1.03
Real estate:				
Construction	445,744	8.94	437,277	9.26
Farmland	220,882	4.43	195,162	4.13
One to four family residences	966,006	19.38	875,766	18.55
Multifamily residential properties	59,469	1.19	46,030	0.98
Commercial	1,555,340	31.21	1,487,927	31.51
Consumer	295,148	5.92	284,373	6.02
Other (not classified above)	40,295	0.81	40,977	0.87
Total loans	$4,984,484	100.00%	$4,721,995	100.00%

The Company’s loans are mostly to customers within Oklahoma and over 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 $67 million at March 31, 2018 and approximately $81 million at December 31, 2017.

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, 2017.

Nonperforming and Restructured Assets

The following is a summary of nonperforming and restructured assets:

	March 31, 2018	December 31, 2017
	(Dollars in thousands)	
Past due 90 days or more and still accruing	$3,900	$ 2,893

Nonaccrual	31,849	31,943
Restructured	12,945	4,720
Total nonperforming and restructured loans	48,694	39,556
Other real estate owned and repossessed assets	3,676	4,424
Total nonperforming and restructured assets	$52,370	$ 43,980

Had nonaccrual loans performed in accordance with their original contractual terms, the Company would have recognized additional interest income of approximately $542,000 for the three months ended March 31, 2018 and approximately $499,000 for the three months ended March 31, 2017.

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 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.

	March 31, 2018	December 31, 2017
	(Dollars in thousands)	
Real estate:		
Non-residential real estate owner occupied	$1,082	$ 1,108
Non-residential real estate other	9,131	9,809
Residential real estate permanent mortgage	986	781
Residential real estate all other	3,911	3,980
Commercial and financial:		
Non-consumer non-real estate	7,914	7,785
Consumer non-real estate	310	250
Other loans	2,467	5,596
Acquired loans	6,048	2,634
Total	$31,849	$ 31,943

Loans are considered past due if the required principal and interest payments have not been received as of the date such payments were due. 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 March 31, 2018							
Real estate:							
Non-residential real estate owner occupied	$1,072	$30	$872	$1,974	$670,610	$672,584	$ —
Non-residential real estate other	1,957	32	2,148	4,137	1,108,882	1,113,019	239
Residential real estate permanent mortgage	2,599	661	1,027	4,287	326,763	331,050	711
Residential real estate all other	4,503	778	1,870	7,151	771,129	778,280	1,562
Commercial and financial:							
Non-consumer non-real estate	3,481	302	2,961	6,744	1,249,968	1,256,712	116
Consumer non-real estate	1,530	359	638	2,527	282,233	284,760	440
Other loans	779	107	2,148	3,034	135,643	138,677	141
Acquired loans	3,010	1,223	2,398	6,631	402,771	409,402	691

Total	$18,931	$3,492	$14,062	$36,485	$4,947,999	$4,984,484	$ 3,900
As of December 31, 2017							
Real estate:							
Non-residential real estate owner occupied	$998	$68	$977	$2,043	$639,575	$641,618	$ 84
Non-residential real estate other	2,905	271	2,112	5,288	1,121,303	1,126,591	432
Residential real estate permanent mortgage	2,211	403	977	3,591	326,743	330,334	584
Residential real estate all other	1,739	749	1,377	3,865	781,790	785,655	973
Commercial and financial:							
Non-consumer non-real estate	2,210	706	1,785	4,701	1,279,704	1,284,405	403
Consumer non-real estate	2,085	670	293	3,048	285,872	288,920	194
Other loans	506	103	3,916	4,525	139,920	144,445	—
Acquired loans	753	192	713	1,658	118,369	120,027	223
Total	$13,407	$3,162	$12,150	$28,719	$4,693,276	$4,721,995	$ 2,893

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.

The following table presents impaired loans, segregated by class of loans. During the period ended March 31, 2017, $2.3 million of interest income was recognized on impaired loans subsequent to their classification as impaired. During the period ended March 31, 2018 no material amount of interest income was recognized on impaired loans subsequent to their classification as impaired.