KOCH CARL FREDERICK III
Form 4
December 09, 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 *
KOCH CARL FREDERICK III

(Last) (First) (Middle)

313 IRON HORSE WAY

(Street)

PROVIDENCE, RI 02908

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
UNITED NATURAL FOODS INC [UNFI]

3. Date of Earliest Transaction (Month/Day/Year)
12/07/2009

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
VP, Chief HR Officer

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

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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	12/07/2009		F		302	D (2)	$ 27.51	3,606	D	
Common Stock	12/08/2009		F		201	D (3)	$ 27.52	3,405	D	
Common Stock								8,657	I	See footnote (1)

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

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SEC 1474 (9-02)

displays a currently valid OMB control number.

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

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
KOCH CARL FREDERICK III 313 IRON HORSE WAY PROVIDENCE, RI 02908			VP, Chief HR Officer	

Signatures

Lisa N'Chonon, Power-of-Attorney, in fact	12/09/2009
**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) Includes 2,300 shares of common stock allocated to Mr. Koch under the United Natural Foods, Inc. Employee Stock Ownership Plan and 6,357 shares of common stock allocated to Mr. Koch under the United Natural Foods, Inc. 401(k) Plan's UNFI Stock Fund as of December 9, 2009.

(2) On December 7, 2009, 900 shares of United Natural Foods, Inc. (the "Company") restricted stock vested. In connection with the vesting of those shares, the Company retained 302 shares on December 7, 2009 to satisfy the related tax withholding obligations.

(3) On December 8, 2009, 600 shares of United Natural Foods, Inc. (the "Company") restricted stock vested. In connection with the vesting of those shares, the Company retained 201 shares on December 8, 2009 to satisfy the related tax withholding obligations.

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. s New Roman;font-size:10pt;font-weight:normal;font-style:normal;text-transform:none;font-variant: normal;">14,816

19,672

States and political subdivisions

—

41,042

—

41,042

Other securities

—

Explanation of Responses:

—

6,569

6,569

Derivative assets

—

1,569

—

1,569

Derivative liabilities

—

1,306

—

1,306

Loans held for sale

—

Explanation of Responses:

9,318

—

9,318

The changes in Level 3 assets measured at estimated fair value on a recurring basis during the periods presented were as follows:

	Six Months Ended June 30, 2017	Twelve Months Ended December 31, 2016
	(Dollars in thousands)	
Balance at the beginning of the year	$21,385	$ 21,124
Purchases	293	1,096
Settlements	(1,905)	(191)
Sales	—	(429)
Losses included in earnings	(330)	(111)
Total unrealized losses	(470)	(104)
Balance at the end of the period	$18,973	$ 21,385

The Company's policy is to recognize transfers in and transfers out of Levels 1, 2 and 3 as of the end of the reporting period. During the six months ended June 30, 2017 and 2016, the Company did not transfer any securities between levels in the fair value hierarchy.

Financial Assets and Financial Liabilities Measured at Fair Value on a Nonrecurring Basis

Certain financial assets and financial liabilities are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment). These financial assets and financial liabilities are reported at fair value utilizing Level 3 inputs.

Impaired loans are reported at the fair value of the underlying collateral if repayment is dependent on liquidation of the collateral. In no case does the fair value of an impaired loan exceed the fair value of the underlying collateral. The impaired loans are adjusted to fair value through a specific allocation of the allowance for loan losses or a direct charge-down of the loan.

Repossessed assets, upon initial recognition, are measured and adjusted to fair value through a charge-off to the allowance for possible loan losses based upon the fair value of the foreclosed asset.

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Other real estate owned is revalued at fair value subsequent to initial recognition, with any losses recognized in net expense from other real estate owned.

The following table summarizes assets measured at fair value on a nonrecurring basis. The fair value represents end of period values, which approximate fair value measurements that occurred on various measurement dates throughout the period:

	Total Fair Value Level 3 (Dollars in thousands)
As of and for the Year-to-date Period Ended June 30, 2017	
Impaired loans (less specific allowance)	$ 21,392
Repossessed assets	238
Other real estate owned	1,329
As of and for the Year-to-date Period Ended December 31, 2016	
Impaired loans (less specific allowance)	$ 29,912
Repossessed assets	340
Other real estate owned	1,480

Estimated Fair Value of Financial Instruments

The Company is required under current authoritative accounting guidance to disclose the estimated fair value of their financial instruments that are not recorded at fair value. For the Company, as for most financial institutions, substantially all of its assets and liabilities are considered financial instruments. A financial instrument is defined as cash, evidence of an ownership interest in an entity or a contract that creates a contractual obligation or right to deliver or receive cash or another financial instrument from a second entity. The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and Cash Equivalents Include: Cash and Due from Banks, Federal Funds Sold and Interest-Bearing Deposits

The carrying amount of these short-term instruments is a reasonable estimate of fair value.

Securities Held for Investment

For securities held for investment, which are generally traded in secondary markets, fair values are based on quoted market prices or dealer quotes, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities making adjustments for credit or liquidity if applicable.

Loans

For certain homogeneous categories of loans, such as some residential mortgages, fair values are estimated using the quoted market prices for securities backed by similar loans, adjusted for differences in loan characteristics. The fair values of other types of loans are estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

Deposits

The fair values of transaction and savings accounts are the amounts payable on demand at the reporting date. The fair values of fixed-maturity certificates of deposit are estimated using the rates currently offered for deposits of similar remaining maturities.

Short-term Borrowings

The amounts payable on these short-term instruments are reasonable estimates of fair value.

Junior Subordinated Debentures

The fair values of junior subordinated debentures are estimated using the rates that would be charged for junior subordinated debentures of similar remaining maturities.

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Loan Commitments and Letters of Credit

The fair values of commitments are estimated using the fees currently charged to enter into similar agreements, taking into account the terms of the agreements. The fair values of letters of credit are based on fees currently charged for similar agreements.

The estimated fair values of the Company’s financial instruments that are reported at amortized cost in the Company’s consolidated balance sheets, segregated by the level of valuation inputs within the fair value hierarchy utilized to measure fair value, are as follows:

	June 30, 2017 Carrying Amount	Fair Value	December 31, 2016 Carrying Amount	Fair Value
	(Dollars in thousands)			
FINANCIAL ASSETS				
Level 2 inputs:				
Cash and cash equivalents	$1,716,900	$1,716,900	$1,851,161	$1,851,161
Securities held for investment	3,442	3,475	3,722	3,760
Level 3 inputs:				
Securities held for investment	500	500	643	643
Loans, net of allowance for loan losses	4,529,388	4,534,977	4,351,539	4,367,363
FINANCIAL LIABILITIES				
Level 2 inputs:				
Deposits	6,235,682	6,306,671	6,248,057	6,313,622
Short-term borrowings	1,000	1,000	500	500
Junior subordinated debentures	31,959	35,830	31,959	34,339
OFF-BALANCE SHEET FINANCIAL INSTRUMENTS				
Loan commitments		1,780		1,718
Letters of credit		443		424

Non-financial Assets and Non-financial Liabilities Measured at Fair Value

The Company has no non-financial assets or non-financial liabilities measured at fair value on a recurring basis. Certain non-financial assets and non-financial liabilities measured at fair value on a nonrecurring basis include intangible assets (excluding mortgage service rights, which are valued semi-annually) and other non-financial long-lived assets measured at fair value and adjusted for impairment. These items are evaluated at least annually for impairment. The overall levels of non-financial assets and non-financial liabilities measured at fair value on a nonrecurring basis were not considered to be significant to the Company at June 30, 2017 or December 31, 2016.

(10) DERIVATIVE FINANCIAL INSTRUMENTS

The Company enters into oil and gas swaps and options contracts to accommodate the business needs of its customers. Upon the origination of an oil or gas swap or option contract with a customer, the Company simultaneously enters into an offsetting contract with a counterparty to mitigate the exposure to fluctuations in oil and gas prices. These derivatives are not designated as hedged instruments and are recorded on the Company's consolidated balance sheet at fair value.

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The Company utilizes dealer quotations and observable market data inputs to substantiate internal valuation models. The notional amounts and estimated fair values of oil and gas derivative positions outstanding are presented in the following table:

Oil and Natural Gas Swaps and Options	Notional Units	June 30, 2017 Notional Amount	June 30, 2017 Estimated Fair Value	December 31, 2016 Notional Amount	December 31, 2016 Estimated Fair Value
		(Notional amounts and dollars in thousands)			
Oil					
Derivative assets	Barrels	46	$ 108	83	$ 576
Derivative liabilities	Barrels	(46)	(59)	(83)	(496)
Natural Gas					
Derivative assets	MMBTUs	830	148	1,900	993
Derivative liabilities	MMBTUs	(830)	(57)	(1,900)	(810)
Total Fair Value	Included in				
Derivative assets	Other assets		256		1,569
Derivative liabilities	Other liabilities		(116)		(1,306)

The following table is a summary of the Company's recognized income related to the activity, which was included in other noninterest income:

	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
	(Dollars in thousands)			
Derivative income	$—	$ 6	$ 5	$ 11

The Company's credit exposure on oil and gas swaps and options varies based on the current market prices of oil and natural gas. Other than credit risk, changes in the fair value of customer positions will be offset by equal and opposite changes in the counterparty positions. The net positive fair value of the contracts is the profit derived from the activity and is unaffected by market price movements. The Company's share of total profit is approximately 35%.

Customer credit exposure is managed by strict position limits and is primarily offset by first liens on production while the remainder is offset by cash. Counterparty credit exposure is managed by selecting highly rated counterparties (rated A- or better by Standard and Poor's) and monitoring market information.

The following table is a summary of the Company's net credit exposure relating to oil and gas swaps and options with bank counterparties:

	June 30, 2017	December 31, 2016

	(Dollars in thousands)	
Credit exposure	$ 76	$ —

Balance Sheet Offsetting

Derivatives may be eligible for offset in the consolidated balance sheet and/or subject to master netting arrangements. The Company's derivative transactions with upstream financial institution counterparties and bank customers are generally executed under International Swaps and Derivative Association ("ISDA") master agreements which include "right of set-off" provisions. In such cases there is generally a legally enforceable right to offset recognized amounts and there may be an intention to settle such amounts on a net basis. Nonetheless, the Company does not generally offset such financial instruments for financial reporting purposes.

(11) SEGMENT INFORMATION

The Company evaluates its performance with an internal profitability measurement system that measures the profitability of its business units on a pre-tax basis. The four principal business units are metropolitan banks, community banks, other financial services and executive, operations and support. Metropolitan and community banks offer traditional banking products such as commercial and retail lending and a full line of deposit accounts. Metropolitan banks consist of banking locations in the metropolitan Oklahoma City and Tulsa areas. Community banks consist of banking locations in communities throughout Oklahoma. Other financial services are specialty product business units including guaranteed small business lending, residential mortgage lending, trust services, securities brokerage, electronic banking and insurance. The executive, operations and support groups represent executive management, operational support and corporate functions that are not allocated to the other business units.

The results of operations and selected financial information for the four business units are as follows:

	Metropolitan Banks	Community Banks	Other Financial Services	Executive, Operations & Support	Eliminations	Consolidated
	(Dollars in thousands)					
Three Months Ended June 30, 2017						
Net interest income (expense)	$17,832	$37,047	$1,698	$(138)	$—	$56,439
Noninterest income	3,945	13,660	7,456	25,644	(22,722)	27,983
Income before taxes	11,784	24,509	3,119	16,720	(22,504)	33,628
Three Months Ended June 30, 2016						
Net interest income (expense)	$15,699	$33,846	$1,591	$(268)	$—	$50,868
Noninterest income	4,098	14,408	6,646	18,798	(17,893)	26,057
Income before taxes	10,240	20,331	2,431	11,247	(17,848)	26,401
Six Months Ended June 30, 2017						
Net interest income (expense)	$36,352	$72,170	$3,193	$(508)	$—	$111,207
Noninterest income	7,767	26,937	15,766	50,116	(44,518)	56,068
Income before taxes	24,858	47,228	6,764	32,231	(44,260)	66,821
Six Months Ended June 30, 2016						
Net interest income (expense)	$31,542	$66,968	$3,007	$(673)	$—	$100,844
Noninterest income	7,886	28,004	14,125	36,476	(34,817)	51,674
Income before taxes	19,588	39,425	5,545	21,747	(34,705)	51,600
Total Assets:						
June 30, 2017	$2,506,852	$4,432,649	$97,894	$824,524	$(815,330)	$7,046,589
December 31, 2016	2,493,096	4,412,174	83,594	803,810	(773,722)	7,018,952

The financial information for each business unit is presented on the basis used internally by management to evaluate performance and allocate resources. The Company utilizes a transfer pricing system to allocate the benefit or cost of funds provided or used by the various business units. Certain services provided by the support group to other business units, such as item processing, are allocated at rates approximating the cost of providing the services. Eliminations are adjustments to consolidate the business units and companies. Capital expenditures are generally charged to the business unit using the asset.

(12) SUBSEQUENT EVENT

Subsequent to June 30, 2017, the Company completed a two-for-one stock split of the Company's outstanding shares of common stock. The stock is 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 will receive one additional share for each share held on that date. This represents the second stock split for the Company since going public.

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Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis presents factors that the Company believes are relevant to an assessment and understanding of the Company’s consolidated financial position and results of operations. This discussion and analysis should be read in conjunction with the Company’s December 31, 2016 consolidated financial statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2016 and the Company’s consolidated financial statements and the related Notes included in Item 1.

FORWARD LOOKING STATEMENTS

The Company may make forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 with respect to earnings, credit quality, corporate objectives, interest rates and other financial and business matters. Forward-looking statements include estimates and give management’s current expectations or forecasts of future events. The Company cautions readers that these forward-looking statements are subject to numerous assumptions, risks and uncertainties, including economic conditions; the performance of financial markets and interest rates; legislative and regulatory actions and reforms; competition; as well as other factors, all of which change over time. Examples of forward-looking statements include, but are not limited to: (i) projections of revenues, expenses, income or loss, earnings or loss per share, the payment or nonpayment of dividends, capital structure and other financial items; (ii) statements of plans, objectives and expectations, including those relating to products or services; (iii) statements of future economic performance; and (iv) statements of assumptions underlying such statements. Words such as “believes”, “anticipates”, “expects”, “intends”, “targeted”, “continue”, “remain”, “will”, “should”, “may” and other similar expressions are intended to identify forward-lookin statements but are not the exclusive means of identifying such statements.

Forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from those in such statements. Factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to:

- Local, regional, national and international economic conditions and the impact they may have on the Company and its customers and the Company’s assessment of that impact.
- Changes in the mix of loan geographies, sectors and types or the level of non-performing assets and charge-offs.
- Inflation, interest rate, crude oil price, securities market and monetary fluctuations.
- The effect of changes in laws and regulations (including laws and regulations concerning taxes, banking, securities and insurance) with which the Company must comply.
- Impairment of the Company’s goodwill or other intangible assets.
- Changes in consumer spending, borrowing and savings habits.
- Changes in the financial performance and/or condition of the Company’s borrowers.
- Technological changes.
- Acquisitions and integration of acquired businesses.
- The effect of changes in accounting policies and practices, as may be adopted by the regulatory agencies, as well as the Public Company Accounting Oversight Board, the Financial Accounting Standards Board and other accounting standard setters.
- The Company’s success at managing the risks involved in the foregoing items.

Actual results may differ materially from forward-looking statements.

SUMMARY

BancFirst Corporation's net income was $23.2 million, or $1.42 diluted earnings per share, for the second quarter of 2017, compared to net income of $17.5 million, or $1.10 diluted earnings per share, for the second quarter of 2016. A lower effective tax rate and the resolution of a problem loan during the second quarter of 2017 added 7 cents per share. Net income was $45.2 million, or $2.78 diluted earnings per share, for the six months ended June, 30, 2017, compared to net income of $34.1 million, or $2.15 diluted earnings per share, for the six months ended June, 30, 2016. Net income for the first half of 2017 included the effects of favorable resolutions of three problem loans which resulted in principal recovery of $894,000 and unaccrued interest income of $2.7 million.

The Company's net interest income for the second quarter of 2017 increased to $56.4 million, compared to $50.9 million for the second quarter of 2016. The net interest margin for the quarter was 3.43%, compared to 3.28% a year ago. The increase in margin was primarily due to the increase in the federal funds rate and the favorable resolution of an acquired loan, which added 2 basis points. The Company's provision for loan losses for the second quarter of 2017 decreased to $1.8 million, compared to $2.8 million a year ago. The decrease in the provision was due in part to an unusually high provision for a few commercial loans in the prior year. Net charge-offs were stable at 0.02% of average loans for the second quarter of both 2017 and 2016. Noninterest income for the quarter totaled $28.0 million, compared to $26.1 million last year. Noninterest expense for the quarter totaled $49.0 million, compared to $47.7 million last year. The increase in noninterest expense was due to salary increases in 2017. The Company's effective tax rate was 31.1% compared to 33.7% for the second quarter of 2016 adding approximately $875,000 to net income. The decrease in effective tax rate was due to a change in accounting standards related to stock based compensation.

At June 30, 2017, the Company's total assets were largely unchanged at $7.0 billion, $27.6 million above the December 31, 2016 total. Securities of $451.4 million were down slightly from December 31, 2016. Loans totaled $4.6 billion, an increase of $177.9 million over December 31, 2016. Deposits were flat totaling $6.2 billion at both June 30, 2017 and December 31, 2016. The Company's total stockholders' equity was $748.5 million, an increase of $37.4 million, or 5.3%, over December 31, 2016.

Asset quality remained strong during the second quarter of 2017. Nonperforming and restructured assets fell to 0.42% of total assets at June 30, 2017 compared to 0.56% at December 31, 2016. The decrease in nonperforming and restructured assets was largely due to the favorable resolution of three problem loans during the first half of 2017. The allowance to total loans was 1.07%, compared to 1.10% at year-end 2016. The allowance to nonperforming and restructured loans was 193.1% compared to 137.3% at year-end 2016.

On May 31, 2017, the Company announced that its Board of Directors approved a two-for-one stock split of the Company's outstanding shares of common stock. The stock is 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 will receive one additional share for each share held on that date. This represents the second stock split for the Company since going public.

Effective June 1, 2017, the Company organized a new wholly-owned captive insurance company named BancFirst Risk and Insurance. It insures certain risks of the Company and has entered into reinsurance agreements with a risk-sharing pool.

FUTURE APPLICATION OF ACCOUNTING STANDARDS

See Note (1) of the Notes to Consolidated Financial Statements for a discussion of recently issued accounting pronouncements.

SEGMENT INFORMATION

See Note (11) of the Notes to Consolidated Financial Statements for disclosures regarding business segments.

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RESULTS OF OPERATIONS

Selected income statement data and other selected data for the comparable periods were as follows:

BANCFIRST CORPORATION

SELECTED CONSOLIDATED FINANCIAL DATA

(Unaudited)

(Dollars in thousands, except per share data)

	Three Months Ended		Six Months Ended	
	June 30, 2017	2016	June 30, 2017	2016
Income Statement Data				
Net interest income	$56,439	$50,868	$111,207	$100,844
Provision for loan losses	1,841	2,804	1,913	6,907
Securities transactions	(330)	(65)	(330)	35
Total noninterest income	27,983	26,057	56,068	51,674
Salaries and employee benefits	31,547	30,008	62,201	59,365
Total noninterest expense	48,953	47,720	98,541	94,011
Net income	23,182	17,493	45,232	34,072
Per Common Share Data				
Net income – basic	$1.46	$1.12	$2.85	$2.19
Net income – diluted	1.42	1.10	2.78	2.15
Cash dividends	0.38	0.36	0.76	0.72
Performance Data				
Return on average assets	1.31 %	1.04 %	1.29 %	1.02 %
Return on average stockholders' equity	12.52	10.42	12.44	10.23
Cash dividend payout ratio	26.03	32.00	26.67	32.84
Net interest spread	3.21	3.11	3.20	3.10
Net interest margin	3.43	3.28	3.41	3.27
Efficiency ratio	57.99	62.03	58.91	61.64
Net charge-offs to average loans	0.02	0.02	0.04	0.05

Net Interest Income

For the three months ended June 30, 2017, net interest income, which is the Company's principal source of operating revenue, increased 11.0% compared to the three months ended June 30, 2016. Net interest margin, which is shown in the preceding table, is the ratio of taxable-equivalent net interest income to average earning assets for the period. The increase in the federal funds rate of 25 basis points during the fourth quarter of 2016 and the first and second quarters of 2017 and the favorable resolution of an acquired loan, contributed to the higher net interest income and margin in 2017. If interest rates and/or loan volume do not increase, management would expect its net interest margin to generally remain at current levels.

Net interest income for the six months ended June 30, 2017 increased 10.3% compared to the six months ended June 30, 2016. The net interest margin for the year-to-date increased compared to the same period of the previous year, as shown in the preceding table. The increase in the margin was primarily due to interest income of $2.3 million related to the favorable resolution of three problem loans, which added approximately 0.09% to the margin, and the increase in the federal funds rate of 25 basis points during the fourth quarter of 2016 and the first and second quarters of 2017.

Provision for Loan Losses

The Company's provision for loan loss for the second quarter of 2017 decreased $963,000 or 34.3% compared to a year ago. The decrease in the provision was due in part to an unusually high provision for a few commercial loans in the prior year. The Company establishes an allowance as an estimate of the probable inherent losses in the loan portfolio at the balance sheet date. Management believes the allowance for loan losses is appropriate based upon management's best estimate of probable losses that have been incurred within the existing loan portfolio. Should any of the factors considered by management in evaluating the appropriate level of the allowance for loan losses change, the Company's estimate of probable loan losses could also change, which could affect the amount of future provisions for loan losses. Net loan charge-offs were $757,000 for the second quarter of 2017, compared to $809,000 for the second quarter of 2016. The rate of net charge-offs to average total loans, as presented in the preceding table, continues to be at a very low level.

For the six months ended June 30, 2017, the Company's provision for loan losses decreased $5.0 million or 72.3% compared to the six months ended June 30, 2016. The decrease in the provision was due in part to the resolution of three problem loans and an unusually high provision for a few commercial loans in the prior year. Net loan charge-offs were $1.6 million, compared to $2.0 million for the same period of the prior year.

Noninterest Income

Noninterest income totaled $28.0 million for the second quarter of 2017 compared to $26.1 million for the second quarter of 2016. Noninterest income included increases in trust revenue, insurance commissions, debit card usage fees and non-sufficient funds fees. The Company had fees from debit card usage totaling $6.6 million and $6.1 million during the three month periods ended June 30, 2017 and 2016, respectively. This represents 23.7% and 23.5% of the Company's noninterest income for the three month periods ended June 30, 2017 and 2016, respectively. In addition, the Company had non-sufficient fund fees totaling $7.0 million and $6.5 million during the three month periods ended June 30, 2017 and 2016, respectively. This represents 25.1% of the Company's noninterest income for both the three month periods ended June 30, 2017 and 2016.

Noninterest income for the six months ended June 30, 2017 totaled $56.1 million compared to $51.7 million for the six months ended June 30, 2016. Noninterest income included increases in trust revenue, insurance commissions, debit card usage fees and non-sufficient funds fees. Fees from debit card usage totaled $12.9 million and $12.0 million during the six months ended June 30, 2017 and 2016, respectively. This represents 22.9% and 23.3% of the Company's noninterest income for the six month periods ended June 30, 2017 and 2016, respectively. In addition, the Company had non-sufficient fund fees totaling $13.9 million and $12.7 million during the six months ended June 30, 2017 and 2016, respectively. This represents 24.8% and 24.5% of the Company's noninterest income for the six month periods ended June 30, 2017 and 2016, respectively.

Noninterest Expense

For the three months ended June 30, 2017, noninterest expense totaled $49.0 million, compared to $47.7 million for the three months ended June 30, 2016. The increase in noninterest expense for the second quarter of 2017 was primarily due to salary increases.

For the six months ended June 30, 2017, noninterest expense totaled $98.5 million compared to $94.0 million for the six months ended June 30, 2016. The increase in noninterest expense for year-to-date 2017 was primarily due to salary increases and $1.3 million in gains on sale of other real estate owned that reduced expenses in 2016.

Income Taxes

The Company's effective tax rate on income before taxes was 31.1% for the second quarter of 2017, compared to 33.7% for the second quarter of 2016. The decrease in the effective tax rate was primarily due to Accounting Standards Update 2016-09, which is a change in accounting standards related to stock based compensation.

The Company's effective tax rate on income before taxes was 32.3% for the first six months of 2017, compared to 34.0% for the first six months of 2016. The decrease in the effective tax rate was primarily due to Accounting Standards Update 2016-09, which is a change in accounting standards related to stock based compensation.

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Explanation of Responses:

FINANCIAL POSITION

BANCFIRST CORPORATION

SELECTED CONSOLIDATED FINANCIAL DATA

(Dollars in thousands, except per share data)

	June 30, 2017 (unaudited)		December 31, 2016	
Balance Sheet Data				
Total assets	$7,046,589		$7,018,952	
Total loans (net of unearned interest)	4,587,454		4,409,550	
Allowance for loan losses	49,005		48,693	
Securities	451,402		469,833	
Deposits	6,235,682		6,248,057	
Stockholders' equity	748,462		711,094	
Book value per share	47.05		44.97	
Tangible book value per share	42.88		40.71	
Average loans to deposits (year-to-date)	70.80	%	71.44	%
Average earning assets to total assets (year-to-date)	93.45		93.10	
Average stockholders’ equity to average assets (year-to-date)	10.35		10.11	
Asset Quality Ratios				
Nonperforming and restructured loans to total loans	0.55	%	0.80	%
Nonperforming and restructured assets to total assets	0.42		0.56	
Allowance for loan losses to total loans	1.07		1.10	
Allowance for loan losses to nonperforming and restructured loans	193.05		137.27	

Cash and Interest-Bearing Deposits with Banks

The aggregate of cash and due from banks, interest-bearing deposits with banks and federal funds sold decreased $134.3 million, or 7.3% to $1.7 billion, from December 31, 2016 to June 30, 2017. This decrease was due primarily to the increase in loans and no growth in deposits.

Securities

At June 30, 2017, total securities decreased $18.4 million, or 3.9% compared to December 31, 2016. The size of the Company’s securities portfolio is determined by the Company’s liquidity and asset/liability management. The net unrealized gain on securities available for sale, before taxes, was $727,000 at June 30, 2017, compared to $153,000 at December 31, 2016. These unrealized gains are included in the Company’s stockholders’ equity as accumulated other comprehensive income, net of income tax, in the amounts of $446,000 and $94,000, respectively.

Loans

At June 30, 2017, loans totaled $4.6 billion, an increase of $177.9 million over December 31, 2016. The 4.0% increase in loans was due to the continuation of internal loan growth.

Allowance for Loan Losses/Fair Value Adjustments on Acquired Loans

At June 30, 2017, the allowance for loan losses to total loans represented 1.07% of total loans, compared to 1.10% at December 31, 2016.

The fair value adjustment on acquired loans consists of an interest rate component to adjust the effective rates on the loans to market rates and a credit component to adjust for estimated credit exposures in the acquired loans. The credit component of the adjustment was $1.5 million at June 30, 2017 and $2.0 million at December 31, 2016, while the acquired loans outstanding were $133.3 million and $155.0 million, respectively.

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Nonperforming and Restructured Assets

Nonperforming and restructured assets totaled $29.6 million at June 30, 2017, compared to $39.3 million at December 31, 2016. The Company's level of nonperforming and restructured assets has continued to be relatively low. The decrease in nonperforming and restructured assets in 2017 was due to the resolution of three problem loans.

Nonaccrual loans totaled $19.6 million at June 30, 2017, compared to $31.8 million at December 31, 2016. The Company's nonaccrual loans are primarily commercial and real estate loans. Nonaccrual loans negatively impact the Company's net interest margin. A loan is placed on nonaccrual status when, in the opinion of management, the future collectability of interest or principal or both is in serious doubt. Interest income is recognized on certain of these loans on a cash basis if the full collection of the remaining principal balance is reasonably expected. Otherwise, interest income is not recognized until the principal balance is fully collected. Had nonaccrual loans performed in accordance with their original contractual terms, the Company would have recognized additional interest income of approximately $886,000 for the six months ended June 30, 2017 and $982,000 for the for the six months ended June 30, 2016. Only a small amount of this interest is expected to be ultimately collected.

Other real estate owned and repossessed assets totaled $4.2 million at June 30, 2017, compared to $3.9 million at December 31, 2016.

Potential problem loans are performing loans to borrowers with a weakened financial condition, or which are experiencing unfavorable trends in their financial condition, which causes management to have concerns as to the ability of such borrowers to comply with the existing repayment terms. The Company had approximately $6.3 million of these loans at June 30, 2017, compared to $7.5 million at December 31, 2016. Potential problem loans are not included in nonperforming and restructured loans. In general, these loans are adequately collateralized and have no specific identifiable probable loss. Loans which are considered to have identifiable probable loss potential are placed on nonaccrual status, are allocated a specific allowance for loss or are directly charged-down, and are reported as nonperforming.

Liquidity and Funding

Deposits

At both June 30, 2017 and December 31, 2016, deposits totaled $6.2 billion. The Company's core deposits provide it with a stable, low-cost funding source. The Company's core deposits as a percentage of total deposits were 94.8% at June 30, 2017 compared to 94.7% at December 31, 2016. Noninterest-bearing deposits to total deposits were 40.9% at June 30, 2017, compared to 40.4% at December 31, 2016.

Short-Term Borrowings

Short-term borrowings, consisting primarily of federal funds purchased and repurchase agreements are another source of funds for the Company. The level of these borrowings is determined by various factors, including customer demand and the Company's ability to earn a favorable spread on the funds obtained. Short-term borrowings were $1.0 million at June 30, 2017, compared to $500,000 at December 31, 2016.

Long-Term Borrowings

The Company has a line of credit from the Federal Home Loan Bank ("FHLB") of Topeka, Kansas to use for liquidity or to match-fund certain long-term fixed rate loans. The Company's assets, including residential first mortgages of $681.4 million, are pledged as collateral for the borrowings under the line of credit. As of June 30, 2017 and December 31, 2016, the Company had no advances outstanding under the line of credit from FHLB. In addition, the Company has a revolving line of credit with the ability to draw up to $10.0 million with no advances outstanding. This line of credit has a variable rate based on prime rate minus 25 basis points and matures in 2020.

There have not been any other material changes from the liquidity and funding discussion included in Management's Discussion and Analysis in the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

Capital Resources

Stockholders' equity totaled $748.5 million at June 30, 2017, compared to $711.1 million at December 31, 2016. In addition to net income of $45.2 million, other increases in stockholders' equity during the six months ended June 30, 2017 included $3.4 million related to stock option exercises, $465,000 related to stock-based compensation and $352,000 increase in other comprehensive income, that were partially offset by $12.1 million in dividends. The Company's leverage ratio and total risk-based capital ratios at June 30, 2017 were well in excess of the regulatory requirements.

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See Note (7) of the Notes to Consolidated Financial Statements for a discussion of capital ratio requirements.

On January 20, 2017, the Company filed with the Securities and Exchange Commission (“SEC”) an automatic shelf registration statement on Form S-3, which became effective upon filing with the SEC. Under the shelf registration, the Company may offer and sell, from time to time, an indeterminate amount of its common stock in one or more future offerings.

CONTRACTUAL OBLIGATIONS

There have not been any material changes in the resources required for scheduled repayments of contractual obligations from the table of Contractual Cash Obligations included in Management’s Discussion and Analysis which was included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2016.

BANCFIRST CORPORATION

CONSOLIDATED AVERAGE BALANCE SHEETS AND INTEREST MARGIN ANALYSIS

(Unaudited)

Taxable Equivalent Basis (Dollars in thousands)

	Three Months Ended June 30, 2017			2016		
	Average Balance	Interest Income/ Expense	Average Yield/ Rate	Average Balance	Interest Income/ Expense	Average Yield/ Rate
ASSETS						
Earning assets:						
Loans (1)	$4,504,890	$54,980	4.90 %	$4,296,172	$51,216	4.78 %
Securities – taxable	426,396	1,906	1.79	457,021	1,344	1.18
Securities – tax exempt	32,135	275	3.44	41,015	372	3.64
Interest-bearing deposits w/ banks & FFS	1,676,871	4,426	1.06	1,459,623	1,852	0.51
Total earning assets	6,640,292	61,587	3.72	6,253,831	54,784	3.51
Nonearning assets:						
Cash and due from banks	175,372			176,042		
Interest receivable and other assets	338,798			335,869		
Allowance for loan losses	(48,285)			(44,520)		
Total nonearning assets	465,885			467,391		
Total assets	$7,106,177			$6,721,222		
LIABILITIES AND STOCKHOLDERS’ EQUITY						
Interest-bearing liabilities:						
Transaction deposits	$793,265	$213	0.11 %	$787,174	$207	0.11 %
Savings deposits	2,272,227	2,778	0.49	2,088,482	1,691	0.32
Time deposits	681,797	1,309	0.77	708,242	1,194	0.68
Short-term borrowings	1,582	4	0.91	1,876	2	0.37
Junior subordinated debentures	31,959	530	6.65	31,959	523	6.56
Total interest-bearing liabilities	3,780,830	4,834	0.51	3,617,733	3,617	0.40
Interest-free funds:						
Noninterest-bearing deposits	2,556,003			2,404,535		
Interest payable and other liabilities	26,383			25,399		
Stockholders’ equity	742,961			673,555		
Total interest free funds	3,325,347			3,103,489		
Total liabilities and stockholders’ equity	$7,106,177			$6,721,222		
Net interest income		$56,753			$51,167	
Net interest spread			3.21 %			3.11 %
Effect of interest free funds			0.22 %			0.17 %
Net interest margin			3.43 %			3.28 %

(1) Nonaccrual loans are included in the average loan balances and any interest on such nonaccrual loans is recognized on a cash basis.

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BANCFIRST CORPORATION

CONSOLIDATED AVERAGE BALANCE SHEETS AND INTEREST MARGIN ANALYSIS

(Unaudited)

Taxable Equivalent Basis (Dollars in thousands)

	Six Months Ended June 30, 2017			2016		
	Average Balance	Interest Income/ Expense	Average Yield/ Rate	Average Balance	Interest Income/ Expense	Average Yield/ Rate
ASSETS						
Earning assets:						
Loans (1)	$4,453,087	$108,813	4.93 %	$4,269,528	$101,545	4.77 %
Securities – taxable	430,772	3,667	1.72	474,263	2,671	1.13
Securities – tax exempt	32,710	562	3.46	41,776	765	3.67
Interest-bearing deposits w/ banks & FFS	1,700,677	7,866	0.93	1,439,562	3,654	0.51
Total earning assets	6,617,246	120,908	3.68	6,225,129	108,635	3.50
Nonearning assets:						
Cash and due from banks	174,356			177,749		
Interest receivable and other assets	337,963			336,356		
Allowance for loan losses	(48,368)			(43,058)		
Total nonearning assets	463,951			471,047		
Total assets	$7,081,197			$6,696,176		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Interest-bearing liabilities:						
Transaction deposits	$794,497	$424	0.11 %	$789,647	$408	0.10 %
Savings deposits	2,268,095	5,075	0.45	2,083,643	3,382	0.33
Time deposits	683,675	2,526	0.75	715,017	2,382	0.67
Short-term borrowings	1,725	7	0.87	1,494	3	0.37
Junior subordinated debentures	31,959	1,057	6.67	31,959	1,045	6.56
Total interest-bearing liabilities	3,779,951	9,089	0.48	3,621,760	7,220	0.40
Interest-free funds:						
Noninterest-bearing deposits	2,543,015			2,382,159		
Interest payable and other liabilities	25,137			24,512		
Stockholders' equity	733,094			667,745		
Total interest free funds	3,301,246			3,074,416		
Total liabilities and stockholders' equity	$7,081,197			$6,696,176		
Net interest income		$111,819			$101,415	
Net interest spread			3.20 %			3.10 %
Effect of interest free funds			0.21 %			0.17 %
Net interest margin			3.41 %			3.27 %

(1) Nonaccrual loans are included in the average loan balances and any interest on such nonaccrual loans is recognized on a cash basis.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no significant changes in the Registrant's disclosures regarding market risk since December 31, 2016, the date of its most recent annual report to stockholders.

Item 4. Controls and Procedures.

The Company's Chief Executive Officer, Chief Financial Officer and its Disclosure Committee, which includes the Company's Executive Chairman, Chief Risk Officer, Chief Internal Auditor, Chief Asset Quality Officer, Controller and General Counsel, have evaluated, as of the last day of the period covered by this report, the Company's disclosure controls and procedures. Based on their evaluation they concluded that the disclosure controls and procedures of the Company are effective to ensure that information required to be disclosed by the Company in the reports filed or submitted by it under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the applicable rules and forms.

No changes were made to the Company’s internal control over financial reporting during the period covered by this report that materially affected, or are likely to materially affect, the Company’s internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

The Company has been named as a defendant in various legal actions arising from the conduct of its normal business activities. Although the amount of any liability that could arise with respect to these actions cannot be accurately predicted, in the opinion of the Company, any such liability will not have a material adverse effect on the consolidated financial statements of the Company.

Item 1A. Risk Factors.

As of June 30, 2017, there have been no material changes from the risk factors previously disclosed in Part I, Item 1A, of the Company’s Annual Report on Form 10-K for the year ended December 31, 2016.

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

None.

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Item 6. Exhibits.

Exhibit Number	Exhibit
3.1	Second Amended and Restated Certificate of Incorporation of BancFirst Corporation (filed as Exhibit 1 to the Company's 8-A/A filed July 23, 1998 and incorporated herein by reference).
3.2	Certificate of Amendment of the Second Amended and Restated Certificate of Incorporation of BancFirst Corporation dated June 15, 2004 (filed as Exhibit 3.5 to the Company's Quarterly Report on Form 10-Q for the Quarter Ended June 30, 2004 and incorporated herein by reference).
3.3	Amended and Restated By-Laws of BancFirst Corporation (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K dated March 30, 2015 and incorporated herein by reference).
3.4	Certificate of Amendment of the Second Amended and Restated Certificate of Incorporation of BancFirst Corporation dated May 23, 2013 (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K dated May 29, 2013 and incorporated herein by reference).
3.5	Certificate of Amendment of the Third Amended and Restated Certificate of Incorporation of BancFirst Corporation dated May 31, 2017 (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K dated May 31, 2017 and incorporated herein by reference).
4.1	Instruments defining the rights of securities holders (see Exhibits 3.1, 3.2, 3.3 and 3.4 above).
4.2	Form of Amended and Restated Trust Agreement relating to the 7.20% Cumulative Trust Preferred Securities of BFC Capital Trust II (filed as Exhibit 4.5 to the Company's registration statement on Form S-3/A, File No. 333-112488 dated February 23, 2004, and incorporated herein by reference).
4.3	Form of 7.20% Cumulative Trust Preferred Security Certificate for BFC Capital Trust II (filed as Exhibit D to Exhibit 4.5 to the Company's registration statement on Form S-3/A, File No. 333-112488 dated February 23, 2004, and incorporated herein by reference).
4.4	Form of Indenture relating to the 7.20% Junior Subordinated Deferrable Interest Debentures of BancFirst Corporation issued to BFC Capital Trust II (filed as Exhibit 4.1 to the Company's registration statement on Form S-3, File No. 333-112488 dated February 4, 2004, and incorporated herein by reference).
4.5	Form of Certificate of 7.20% Junior Subordinated Deferrable Interest Debenture of BancFirst Corporation (filed as Exhibit 4.2 to the Company's registration statement on Form S-3, File No. 333-112488 dated February 4, 2004, and incorporated herein by reference).
4.6	Form of Guarantee of BancFirst Corporation relating to the 7.20% Cumulative Trust Preferred Securities of BFC Capital Trust II (filed as Exhibit 4.7 to the Company's registration statement on Form S-3/A, File No. 333-112488 dated February 23, 2004, and incorporated herein by reference).
4.7	Form of Guarantee Agreement by and between CSB Bancshares, Inc. and Wilmington Trust Company (filed as Exhibit 4.7 to the Company's Quarterly Report on Form 10-Q for the Quarter ended September 30, 2015 and incorporated herein by reference).
4.8	

Form of Indenture relating to the Floating Rate Junior Subordinated Deferrable Interest Debentures of CSB Bancshares, Inc., issued to Wilmington Trust Company (filed as Exhibit 4.8 to the Company's Quarterly Report on Form 10-Q for the Quarter ended September 30, 2015 and incorporated herein by reference).

4.9 Form of First Supplemental Indenture relating to the Floating Rate Junior Subordinated Deferrable Interest Debentures by and between Wilmington Trust Company and BancFirst Corporation (filed as Exhibit 4.9 to the Company's Quarterly Report on Form 10-Q for the Quarter ended September 30, 2015 and incorporated herein by reference).

10.1 BancFirst Corporation Employee Stock Ownership and Trust Agreement adopted effective January 1, 2015 (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the Quarter Ended March 31, 2015 and incorporated herein by reference).

10.2 Fifth Amended and Restated BancFirst Corporation Directors' Stock Option Plan (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the Quarter Ended June 30, 2016 and incorporated herein by reference).

10.3 Fifth Amended and Restated BancFirst Corporation Directors' Deferred Stock Compensation Plan (filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the Quarter Ended June 30, 2016 and incorporated herein by reference).

Exhibit Number	Exhibit
10.4	Fourteenth Amended and Restated BancFirst Corporation Stock Option Plan (filed as Exhibit 10.4 to the Company’s Quarterly Report on Form 10-Q for the Quarter Ended June 30, 2016 and incorporated herein by reference).
10.5	Adoption Agreement for the BancFirst Corporation Thrift Plan adopted April 21, 2016 effective January 1, 2016. (filed as Exhibit 10.5 to the Company’s Quarterly Report on Form 10-Q for the Quarter Ended March 31, 2016 and incorporated herein by reference).
31.1*	Chief Executive Officer’s Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a).
31.2*	Chief Financial Officer’s Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a).
32.1*	CEO’s Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	CFO’s Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase
101.DEF*	XBRL Taxonomy Extension Definition Linkbase
101.LAB*	XBRL Taxonomy Extension Label Linkbase
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase

*Filed herewith.

SIGNATURES

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

	BANCFIRST CORPORATION (Registrant)
Date: July 31, 2017	/s/ David Harlow David Harlow President Chief Executive Officer (Principal Executive Officer)
Date: July 31, 2017	/s/ Kevin Lawrence Kevin Lawrence Executive Vice President Chief Financial Officer (Principal Financial Officer)

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