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Section 1: 8-K (8-K)

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):
October 25, 2017

Commission File No. 0-19341

BOK FINANCIAL CORPORATION
(Exact name of registrant as specified in its charter)

Oklahoma
(State or other jurisdiction
of Incorporation or Organization)

73-1373454
(IRS Employer
Identification No.)

Bank of Oklahoma Tower
Boston Avenue at Second Street
Tulsa, Oklahoma
(Address of Principal Executive Offices)

74192
(Zip Code)

(918) 588-6000
(Registrant's telephone number, including area code)

N/A

(Former name or former address, if changes since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425).
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12).
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b)).
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c)).

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

INFORMATION TO BE INCLUDED IN THE REPORT

ITEM 2.02. Results of Operations and Financial Condition.

On October 25, 2017, BOK Financial Corporation (“BOK Financial”) issued a press release announcing its financial results for the three and nine months ended September 30, 2017 (“Press Release”). The full text of the Press Release is attached as Exhibit 99(a) to this report and is incorporated herein by reference. On October 25, 2017, in connection with issuance of the Press Release, BOK Financial released financial information related to the three and nine months ended September 30, 2017 (“Financial Information”), which includes certain historical financial information relating to BOK Financial. The Financial Information is attached as Exhibit 99(b) to this report and is incorporated herein by reference.

ITEM 9.01. Financial Statements and Exhibits.

(a) Exhibits

99 [Text of Press Release, dated October 25, 2017 titled "BOK Financial Reports Quarterly Earnings of \\$86 Million" and Financial Information for the Three and Nine Months Ended September 30, 2017.](#)

Signature

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 hereunto duly authorized.

BOK FINANCIAL CORPORATION

By: /s/ Steven E. Nell
Steven E. Nell
Executive Vice President
Chief Financial Officer

Date: October 25, 2017

[\(Back To Top\)](#)

Section 2: EX-99 (EXHIBIT 99)

Exhibit 99 (a)



NASD: BOKF

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BOK Financial Reports Quarterly Earnings of \$86 Million

TULSA, Okla. (Wednesday, October 25, 2017) - BOK Financial Corporation reported net income of \$85.6 million or \$1.31 per diluted share for the third quarter of 2017. Net income was \$88.1 million or \$1.35 per diluted share for the second quarter of 2017 and \$74.3 million or \$1.13 per diluted share for the third quarter of 2016.

Steven G. Bradshaw, president and chief executive officer of BOK Financial, stated, "It was another very strong quarter for BOK Financial, and the earnings momentum we've demonstrated in 2017 continued through the third quarter. Net interest margin continued to expand as a result of the June 2017 Federal Reserve rate hike, combined with deposit pricing discipline across the banking industry. This, in turn, translated to record net interest income for the quarter. Our sound credit underwriting and discipline, combined with a benign credit environment, resulted in no loan loss provision for the fourth consecutive quarter. Looking forward to 2018, we see many of the trends we've experienced in 2017 continuing, including a favorable rate environment, strong organic revenue growth, and careful expense management to drive earnings leverage."

Bradshaw continued, "During the third quarter, the company was impacted by two weather events: Hurricane Harvey in Houston, as well as a tornado, which struck one of our facilities in Tulsa. In both cases, employees rallied and worked around the clock to minimize the impact to customers. In addition, employees contributed almost \$90,000 to an assistance fund to help their colleagues in Houston recover from the storm, and several employees reported that teammates arrived at their homes the weekend following to help remove debris, pull down damaged drywall, and lend a helping hand. I'm extremely proud of our employees for their heartfelt response and can-do attitude during these events. From a company standpoint, the storms negatively impacted earnings by \$2.4 million this quarter."

Third Quarter 2017 Highlights

- Net interest revenue totaled \$218.5 million for the third quarter of 2017, up \$13.2 million over the second quarter of 2017. Net interest margin increased to 3.01 percent for the third quarter of 2017 from 2.89 percent for the second quarter of 2017. Recoveries of foregone interest on non-accruing loans added 6 basis points to net interest margin in the third quarter of 2017. Average earning assets grew by \$395 million.

- Fees and commissions revenue totaled \$173.5 million for the third quarter of 2017, compared to \$177.5 million for the second quarter of 2017. Mortgage banking revenue decreased \$5.4 million due to lower gain on sale margin and mortgage production volumes.
- Operating expense was \$265.9 million for the third quarter of 2017, an increase of \$15.0 million over the prior quarter. Personnel expense was up \$4.2 million, primarily due to increased incentive compensation expense. Non-personnel expense increased \$10.9 million. Deposit insurance expense for the second quarter of 2017 included \$5.1 million in credits related to the revision of certain inputs to the assessment calculation filed in previous periods. Net losses and operating expenses of repossessed assets increased \$3.8 million primarily due to the write-down of one set of repossessed oil and gas properties.
- No provision for credit losses was recorded in the third quarter of 2017 or the second quarter of 2017. The company had net charge-offs of \$3.4 million in the third quarter of 2017, compared to net charge-offs of \$1.7 million in the previous quarter.
- The combined allowance for credit losses totaled \$253 million or 1.47 percent of outstanding loans at September 30, 2017, compared to \$256 million or 1.49 percent of outstanding loans at June 30, 2017.
- Nonperforming assets that are not guaranteed by U.S. government agencies totaled \$249 million or 1.46 percent of outstanding loans and repossessed assets at September 30, 2017 and \$276 million or 1.62 percent of outstanding loans and repossessed assets at June 30, 2017. The decrease in nonperforming assets was primarily due to nonaccruing energy loans.
- Average loans increased \$127 million over the previous quarter. Period-end outstanding loan balances totaled \$17.2 billion at September 30, 2017, a \$23 million increase over June 30, 2017.
- Average deposits were largely unchanged compared to the previous quarter. Average demand deposit balances grew by \$51 million, partially offset by a \$28 million decrease in time deposit balances. Period-end deposits were \$21.8 billion at September 30, 2017, a \$468 million decrease compared to June 30, 2017.
- The common equity Tier 1 capital ratio at September 30, 2017 was 11.90 percent. Other regulatory capital ratios were Tier 1 capital ratio, 11.90 percent, total capital ratio, 13.47 percent and leverage ratio, 9.30 percent. At June 30, 2017, the common equity Tier 1 capital ratio was 11.76 percent, the Tier 1 capital ratio was 11.76 percent, total capital ratio was 13.36 percent, and leverage ratio was 9.27 percent.

Net Interest Revenue

Net interest revenue was \$218.5 million for the third quarter of 2017, up \$13.2 million over the second quarter of 2017.

Net interest margin was 3.01 percent for the third quarter of 2017, an increase of 12 basis points over the second quarter of 2017. Recoveries of foregone interest primarily related to nonaccruing energy loans added 6 basis points to the net interest margin for the third quarter. Net interest margin also increased due to a full quarter's impact on short-term market interest rates from the 25 basis point rate hike by the Federal Reserve in June. Yields on floating-rate earning assets improved, while deposit costs rose modestly. Excluding interest recoveries, the yield on average earning assets was 3.44 percent, an increase of 14 basis points and the loan portfolio yield was 4.20 percent, a 17 basis point increase. The yield on the available for sale securities portfolio increased 6 basis points to 2.17 percent. The yield on interest-bearing cash and cash equivalents increased 25 basis points. Funding costs were 0.75 percent, up 12 basis points. The cost of interest-bearing deposits increased 5 basis points to 0.45 percent as market pricing pressure remained relatively subdued. The cost of other borrowed funds was up 21 basis points to 1.23 percent. The benefit to net interest margin from assets funded by non-interest liabilities increased to 26 basis points from 22 basis points in the second quarter of 2017.

Average earning assets increased \$395 million over the third quarter of 2017. Fair value option securities held as an economic hedge of our mortgage servicing rights increased \$208 million. Average loan balances grew by \$127 million. Available for sale securities increased \$44 million, trading securities increased \$36 million and restricted equity security balances were up \$33 million over the prior quarter. These increases were partially offset by a \$42 million decrease in average interest-bearing cash and cash equivalents balances.

Average interest-bearing deposit balances decreased \$24 million compared to the second quarter of 2017. The average balance of borrowed funds increased \$511 million.

Fees and Commissions Revenue

Fees and commissions revenue totaled \$173.5 million for the third quarter of 2017, a decrease of \$4.0 million compared to the second quarter of 2017.

Mortgage banking revenue totaled \$24.9 million for the third quarter of 2017, a \$5.4 million decrease compared to the second quarter of 2017. Revenue from mortgage loan production decreased \$5.5 million due to a 54 basis point decrease in gain on sale margin and a \$78 million decrease in mortgage loan production, due to market pricing pressure.

Increased transaction card revenue and brokerage and trading revenue was partially offset by lower fiduciary and asset management revenue.

Operating Expense

Total operating expense was \$265.9 million for the third quarter of 2017, a \$15.0 million increase over the second quarter of 2017, including \$1.3 million of expense related to tornado damage sustained on our Tulsa operations center and the impact of the hurricane in the Houston market.

Personnel expense increased \$4.2 million primarily due to a \$4.7 million increase in incentive compensation expense. Equity compensation expense included charges of \$4.0 million from changes in the probability that performance-based awards granted in 2015, 2016 and 2017 will vest and \$1.9 million from a \$4.93 per share increase in the fair value of BOKF stock. Cash-based incentive compensation expense increased \$3.7 million due to continued improvement in performance metrics.

Non-personnel expense increased \$10.9 million over the second quarter of 2017. Deposit insurance expense increased \$5.3 million. The second quarter included \$5.1 million of rebates for years 2013 through 2016. Net losses and operating expenses of repossessed assets increased \$3.8 million, primarily due to a \$4.7 million write-down of a set of repossessed oil and gas properties.

Loans, Deposits and Capital

Loans

Outstanding loans were \$17.2 billion at September 30, 2017, an increase of \$23 million over June 30, 2017. Growth in commercial loan balances was partially offset by a decrease in commercial real estate loan balances.

Outstanding commercial loan balances grew by \$158 million. Wholesale/retail sector loan balances grew by \$114 million. Other commercial and industrial loans increased by \$23 million and energy loan balances were up \$21 million. Unfunded energy loan commitments were largely unchanged at \$2.7 billion. Healthcare sector loan balances increased \$18 million. This growth was partially offset by a \$27 million decrease in manufacturing service sector loan balances.

Commercial real estate loan balances decreased \$170 million compared to June 30, 2017 as a higher than expected number of borrowers refinanced in the long-term permanent markets during the quarter. Loans secured by industrial properties decreased \$103 million, primarily in the Texas market partially offset by growth in loans in the Oklahoma market. Loans secured by office buildings decreased \$66 million, primarily in the Texas and Colorado markets.

Residential land and construction loans decreased \$29 million and other commercial real estate loans decreased \$22 million. Multifamily residential loans increased \$47 million. Growth in the Texas and Oklahoma markets was partially offset by a decrease in the Colorado market.

Deposits

Period-end deposits totaled \$21.8 billion at September 30, 2017, a \$468 million decrease compared to June 30, 2017. Demand deposit balances decreased \$383 million. Wealth management demand deposit balances were elevated at June 30 in anticipation of upcoming debt service payments for corporate trust customers. Interest-bearing transaction account balances decreased \$62 million and time deposits decreased \$24 million. Wealth Management deposits decreased \$363 million and Commercial Banking deposits decreased \$218 million. Consumer Banking deposits were largely unchanged compared to the previous quarter.

Capital

The company's common equity Tier 1 capital ratio was 11.90 percent at September 30, 2017. In addition, the company's Tier 1 capital ratio was 11.90 percent, total capital ratio was 13.47 percent and leverage ratio was 9.30 percent at September 30, 2017. At June 30, 2017, the company's common equity Tier 1 capital ratio was 11.76 percent, Tier 1 capital ratio was 11.76 percent, total capital ratio was 13.36 percent, and leverage ratio was 9.27 percent.

The company's tangible common equity ratio, a non-GAAP measure, was 9.23 percent at September 30, 2017 and 9.24 percent at June 30, 2017. The tangible common equity ratio is primarily based on total shareholders' equity, which includes unrealized gains and losses on available for sale securities. The company has elected to exclude unrealized gains and losses from available for sale securities from its calculation of Tier 1 capital for regulatory capital purposes, consistent with the treatment under the previous capital rules.

Credit Quality

Nonperforming assets totaled \$328 million or 1.90 percent of outstanding loans and repossessed assets at September 30, 2017, compared to \$365 million or 2.12 percent at June 30, 2017. Nonperforming assets that are not guaranteed by U.S. government agencies totaled \$249 million or 1.46 percent of outstanding loans and repossessed assets (excluding those guaranteed by U.S. government agencies) at September 30, 2017, compared to \$276 million or 1.62 percent at June 30, 2017.

Nonaccruing loans totaled \$226 million or 1.31 percent of outstanding loans at September 30, 2017, down from \$245 million or 1.43 percent of outstanding loans at June 30, 2017. The decrease in nonaccruing loans was primarily due to a \$13 million decrease in energy loans. Nonaccruing wholesale/retail sector loans decreased \$8.7 million and nonaccruing service sector loans decreased \$6.6 million, partially offset by a \$9.0 million increase in nonaccruing other commercial and industrial loans. New nonaccruing loans identified in the third quarter totaled \$24 million, offset by \$35 million in payments received, \$5.8 million in charge-offs and \$3.8 million in foreclosures and repossessions. At September 30, 2017, nonaccruing commercial loans totaled \$177 million or 1.64 percent of outstanding commercial loans, nonaccruing commercial real estate loans totaled \$3.0 million or 0.08 percent of outstanding commercial real estate loans and nonaccruing residential mortgage loans totaled \$46 million or 2.34 percent of outstanding residential mortgage loans.

Approximately \$90 million of nonaccruing loans required a specific allowance of \$13 million. No specific allowance was necessary for the remaining \$136 million of nonaccruing loans based on estimated cash flows or collateral value. At June 30, 2017, \$73 million of nonaccruing loans required specific allowances of \$9.7 million. No specific allowance was necessary for the remaining \$172 million of nonaccruing loans.

Potential problem loans, which are defined as performing loans that, based on known information, cause management concern as to the borrowers' ability to continue to perform, totaled \$285 million at September 30 compared to \$327 million at June 30. The decrease largely resulted from energy and service sector potential problem loans, partially offset by an increase in healthcare and other commercial and industrial potential problem loans.

The company had net charge-offs of \$3.4 million for the third quarter of 2017, compared to net charge-offs of \$1.7 million in the second quarter of 2017. Gross charge-offs totaled \$5.8 million for the third quarter, compared to \$2.9 million for the previous quarter. Recoveries totaled \$2.4 million for the third quarter of 2017 and \$1.2 million for the second quarter of 2017.

Based on an evaluation of all credit factors, including changes in nonaccruing and potential problem loans, overall loan portfolio growth and net charge-offs, the company determined that no provision for credit losses was necessary during the third quarter of 2017.

The combined allowance for credit losses totaled \$253 million or 1.47 percent of outstanding loans and 117 percent of nonaccruing loans at September 30, 2017, excluding residential mortgage loans guaranteed by U.S. government agencies. The allowance for loan losses was \$248 million and the accrual for off-balance sheet credit losses was \$5.4 million. At June 30, 2017, the combined allowance for credit losses was \$256 million or 1.49 percent of outstanding loans and 109 percent of nonaccruing loans, excluding loans guaranteed by U.S. government agencies. The allowance for loan losses was \$250 million and the accrual for off-balance sheet credit losses was \$6.4 million.

Securities and Derivatives

The fair value of the available for sale securities portfolio totaled \$8.4 billion at September 30, 2017, a \$42 million increase compared to June 30, 2017. At September 30, 2017, the available for sale portfolio consisted primarily of \$5.3 billion of residential mortgage-backed securities fully backed by U.S. government agencies and \$2.9 billion of commercial mortgage-backed securities fully backed by U.S. government agencies. At September 30, 2017, the available for sale securities portfolio had a net unrealized gain of \$14 million compared to a \$16 million net unrealized gain at June 30, 2017.

The company also maintains a portfolio of financial instruments consisting primarily of residential mortgage-backed securities issued by U.S. government agencies and interest rate derivative contracts as an economic hedge of the changes in the fair value of our mortgage servicing rights.

The net economic benefit of the changes in fair value of mortgage servicing rights and related economic hedges was \$3.6 million during the third quarter of 2017, including a \$639 thousand decrease in the fair value of mortgage servicing rights, a \$1.7 million increase in the fair value of securities and derivative contracts held as an economic hedge and \$2.5 million of related net interest revenue.

The fair value of mortgage servicing rights decreased by \$6.9 million during the second quarter of 2017. The fair value of securities and interest rate derivative contracts held as an economic hedge of mortgage servicing rights increased by \$5.2 million. Related net interest revenue was \$2.0 million during the second quarter of 2017.

Conference Call and Webcast

The company will hold a conference call at 9 a.m. Central time on Wednesday, October 25, 2017 to discuss the financial results with investors. The live audio webcast and presentation slides will be available on the company's website at www.bokf.com. The conference call can also be accessed by dialing 1-201-689-8471. A conference call and webcast replay will also be available shortly after conclusion of the live call at www.bokf.com or by dialing 1-412-317-6671 and referencing conference ID # 13671914.

About BOK Financial Corporation

BOK Financial Corporation is a \$33 billion regional financial services company based in Tulsa, Oklahoma. The company's stock is publicly traded on NASDAQ under the Global Select market listings (symbol: BOKF). BOK Financial's holdings include BOKF, NA, BOK Financial Securities, Inc. and The Milestone Group, Inc. BOKF, NA operates TransFund, Cavanal Hill Investment Management, BOK Financial Asset Management, Inc. and seven banking divisions: Bank of Albuquerque, Bank of Arizona, Bank of Arkansas, Mobank, Bank of Oklahoma, Bank of Texas and Colorado State Bank and Trust. Through its subsidiaries, the company provides commercial and consumer banking, investment and trust services, mortgage origination and servicing, and an electronic funds transfer network. For more information, visit www.bokf.com.

The company will continue to evaluate critical assumptions and estimates, such as the appropriateness of the allowance for credit losses and asset impairment as of September 30, 2017 through the date its financial statements are filed with the Securities and Exchange Commission and will adjust amounts reported if necessary.

This news release contains forward-looking statements that are based on management's beliefs, assumptions, current expectations, estimates and projections about BOK Financial, the financial services industry and the economy generally. Words such as "anticipates," "believes," "estimates," "expects," "forecasts," "plans," "projects," "will," "intends," variations of such words and similar expressions are intended to identify such forward-looking statements. Management judgments relating to and discussion of the provision and allowance for credit losses, allowance for uncertain tax positions, accruals for loss contingencies and valuation of mortgage servicing rights involve judgments as to expected events and are inherently forward-looking statements. Assessments that BOK Financial's acquisitions and other growth endeavors will be profitable are necessary statements of belief as to the outcome of future events based in part on information provided by others which BOK Financial has not independently verified. These statements are not guarantees of future performance and involve certain risks, uncertainties, and assumptions which are difficult to predict with regard to timing, extent, likelihood and degree of occurrence. Therefore, actual results and outcomes may materially differ from what is expected, implied or forecasted in such forward-looking statements. Internal and external factors that might cause such a difference include, but are not limited to changes in commodity prices, interest rates and interest rate relationships, demand for products and services, the degree of competition by traditional and nontraditional competitors, changes in banking regulations, tax laws, prices, levies and assessments, the impact of technological advances, and trends in customer behavior as well as their ability to repay loans. BOK Financial and its affiliates undertake no obligation to update, amend or clarify forward-looking statements, whether as a result of new information, future events, or otherwise.

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BALANCE SHEETS -- UNAUDITED
BOK FINANCIAL CORPORATION
(In thousands)

	Sept. 30, 2017	June 30, 2017	Sept. 30, 2016
ASSETS			
Cash and due from banks	\$ 547,203	\$ 561,587	\$ 535,916
Interest-bearing cash and cash equivalents	1,926,779	2,078,831	2,080,978
Trading securities	614,117	441,414	546,615
Investment securities	466,562	490,426	546,457
Available for sale securities	8,383,199	8,341,041	8,862,283
Fair value option securities	819,531	445,169	222,409
Restricted equity securities	347,542	311,033	333,391
Residential mortgage loans held for sale	275,643	287,259	447,592
Loans:			
Commercial	10,795,934	10,637,955	10,120,163
Commercial real estate	3,518,142	3,688,592	3,793,598
Residential mortgage	1,945,750	1,939,198	1,872,793
Personal	947,008	917,900	678,232
Total loans	17,206,834	17,183,645	16,464,786
Allowance for loan losses	(247,703)	(250,061)	(245,103)
Loans, net of allowance	16,959,131	16,933,584	16,219,683
Premises and equipment, net	320,060	321,038	318,196
Receivables	314,251	295,042	650,368
Goodwill	446,697	446,697	382,739
Intangible assets, net	39,013	40,755	41,977
Mortgage servicing rights	245,858	245,239	203,621
Real estate and other repossessed assets, net	32,535	39,436	31,941
Derivative contracts, net	352,559	280,289	655,078
Cash surrender value of bank-owned life insurance	314,201	312,774	310,211
Receivable on unsettled securities sales	230,225	33,177	19,642
Other assets	370,409	358,741	370,134
TOTAL ASSETS	\$ 33,005,515	\$ 32,263,532	\$ 32,779,231
LIABILITIES AND EQUITY			
Deposits:			
Demand	\$ 9,185,481	\$ 9,568,895	\$ 8,681,364
Interest-bearing transaction	10,025,084	10,087,139	9,824,160
Savings	465,225	464,318	420,349
Time	2,172,289	2,196,122	2,169,631
Total deposits	21,848,079	22,316,474	21,095,504
Funds purchased	62,356	67,990	109,031
Repurchase agreements	328,189	396,333	504,573
Other borrowings	6,241,275	5,232,343	6,533,443
Subordinated debentures	144,668	144,658	144,631
Accrued interest, taxes and expense	152,029	133,198	191,276
Due on unsettled securities purchases	160,781	32,636	677
Derivative contracts, net	336,327	285,819	573,987
Other liabilities	217,372	204,536	193,698
TOTAL LIABILITIES	29,491,076	28,813,987	29,346,820
Shareholders' equity:			
Capital, surplus and retained earnings	3,482,057	3,414,505	3,302,584
Accumulated other comprehensive income	6,757	7,964	95,727

TOTAL SHAREHOLDERS' EQUITY	3,488,814	3,422,469	3,398,311
Non-controlling interests	25,625		
