

BOK FINANCIAL CORP ET AL
Form 10-Q
October 31, 2017

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

FORM 10-Q
(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2017

OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 0-19341

BOK FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

Oklahoma 73-1373454
(State or other jurisdiction (IRS Employer
of Incorporation or Organization) Identification No.)

Bank of Oklahoma Tower
Boston Avenue at Second Street
Tulsa, Oklahoma 74192
(Address of Principal Executive Offices) (Zip Code)

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

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 (§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. (Check one):

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 in Rule 12b-2 of the Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 65,456,786 shares of common stock (\$.00006 par value) as of September 30, 2017.

BOK Financial Corporation
Form 10-Q
Quarter Ended September 30, 2017

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Management's Discussion and Analysis of Financial Condition and Results of Operations
Performance Summary

BOK Financial Corporation ("the Company") reported net income of \$85.6 million or \$1.31 per diluted share for the third quarter of 2017, compared to \$74.3 million or \$1.13 per diluted share for the third quarter of 2016 and \$88.1 million or \$1.35 per diluted share for the second quarter of 2017.

Highlights of the third quarter of 2017 included:

Net interest revenue totaled \$218.5 million, up from \$187.8 million in the third quarter of 2016 and \$205.2 million in the second quarter of 2017. The increase in net interest revenue over the prior year was driven by both improving yields and growth in average earning assets. Net interest margin was 3.01 percent for the third 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 was 2.64 percent for the third quarter of 2016 and 2.89 percent for the second quarter of 2017. Average earning assets were \$29.6 billion for the third quarter of 2017 compared to \$29.1 billion for the third quarter of 2016.

Fees and commissions revenue totaled \$173.5 million, a \$7.8 million decrease compared to the third quarter of 2016, primarily due to a \$13.6 million decrease in mortgage banking revenue. This decrease was partially offset by growth in fiduciary and asset management revenue. Fees and commissions revenue decreased \$4.0 million compared to the second quarter of 2017, primarily due to mortgage banking revenue. Increased transaction card revenue and brokerage and trading revenue was partially offset by lower fiduciary and asset management revenue and other revenue.

Other operating expense totaled \$265.9 million, up \$7.8 million over the third quarter of 2016. Personnel expense increased \$8.7 million, primarily due to \$5.9 million of equity compensation charges caused by changes in the probability that certain performance-based equity awards will vest and growth in BOKF's stock price. Other operating expense increased \$15.0 million over the previous quarter. Personnel expense was up \$4.2 million. 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 was up \$3.8 million over the prior quarter primarily due to a \$4.7 million 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. A \$10.0 million provision for credit losses was recorded in the third quarter of 2016. Gross charge-offs were \$5.8 million in the third quarter of 2017, \$8.1 million in the third quarter of 2016 and \$2.9 million in the second quarter of 2017. Recoveries were \$2.4 million in the third quarter of 2017, compared to \$2.0 million in the third quarter of 2016 and \$1.2 million in the second quarter of 2017.

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 were largely unchanged compared to the previous quarter. Period-end outstanding loan balances were \$17.2 billion at September 30, 2017, an increase of \$23 million over June 30, 2017.

Average deposits were largely unchanged compared to the previous quarter. Growth in demand deposit balances was offset by decreased time deposit balances. Period-end deposits were \$21.8 billion at September 30, 2017, a \$468 million decrease compared to June 30, 2017.

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

The Company paid a regular quarterly cash dividend of \$29 million or \$0.44 per common share during the third quarter of 2017. On October 31, 2017, the board of directors approved an increase in the regular quarterly cash dividend to \$0.45 per common share payable on or about November 27, 2017 to shareholders of record as of November 13, 2017.

Results of Operations

Net Interest Revenue and Net Interest Margin

Net interest revenue is the interest earned on debt securities, loans and other interest-earning assets less interest paid for interest-bearing deposits and other borrowings. The net interest margin is calculated by dividing tax-equivalent net interest revenue by average interest-earning assets. Net interest spread is the difference between the average rate earned on interest-earning assets and the average rate paid on interest-bearing liabilities. Net interest margin is typically greater than net interest spread due to interest income earned on assets funded by non-interest bearing liabilities such as demand deposits and equity.

Net interest revenue totaled \$218.5 million for the third quarter of 2017, up from \$187.8 million in the third quarter of 2016 and \$205.2 million in the second quarter of 2017. Net interest margin was 3.01 percent for the third quarter of 2017, 2.64 percent for the third quarter of 2016 and 2.89 percent for the second quarter of 2017. Approximately \$4.7 million of foregone interest recoveries primarily related to nonaccruing energy loans added 6 basis points to the net interest margin for the third quarter of 2017. Interest recoveries from nonaccruing loans were not significant for the third quarter of 2016 and second quarter of 2017. This impact is excluded from the discussion following.

Tax-equivalent net interest revenue increased \$30.5 million over the third quarter of 2016. Table 1 shows the effect on net interest revenue from changes in average balances and interest rates for various types of earning assets and interest-bearing liabilities. Changes in interest rates and yields increased net interest revenue by \$19.1 million. The benefit of an increase in short-term interest rates on the floating-rate earning assets was partially offset by higher borrowing costs. Tax-equivalent net interest revenue increased \$11.3 million. Growth in the average balances of loans, fair value option securities and trading securities was partially offset by decreases in available for sale securities and residential mortgage loans held for sale.

Excluding the impact of net interest recoveries in the third quarter of 2017, the tax-equivalent yield on earning assets was 3.44 percent, up 51 basis points over the third quarter of 2016, primarily due to increases in short-term interest rates resulting from three 25 basis point increases in the federal funds rate by the Federal Reserve. Loan yields increased 57 basis points to 4.20 percent. The yield on interest-bearing cash and cash equivalents increased 78 basis points. The available for sale securities portfolio yield was up 16 basis points to 2.17 percent. The yield on the fair value option securities portfolio increased 127 basis points primarily related to a change in the mix of securities and an increase in average rates. Funding costs were up 31 basis points over the third quarter of 2016. Growth in the cost of interest-bearing deposits was limited to 13 basis points by a lack of market pricing pressure. The cost of other borrowed funds increased 70 basis points. The cost of the subordinated debt was up 184 basis points as higher fixed rate debt issued in the second quarter of 2016 replaced lower variable rate debt paid off in third quarter of 2016. The benefit to net interest margin from earning assets funded by non-interest bearing liabilities was 26 basis points for the third quarter of 2017, up 11 basis points over the third quarter of 2016. Average non-interest bearing deposits comprised 28% of total liabilities and equity for the third quarter of 2017, up from 26% for the third quarter of 2016.

Average earning assets for the third quarter of 2017 increased \$559 million or 2 percent over the third quarter of 2016, including \$482 million related to the Mobank acquisition in the fourth quarter of 2016. Average loans, net of allowance for loan losses, increased \$806 million due primarily to growth in commercial and personal loans, partially offset by lower commercial real estate loan balances. Loan growth included \$482 million related to the Mobank acquisition. Fair value option securities held as an economic hedge of our mortgage servicing rights increased \$418 million. The average balance of trading securities increased \$125 million primarily due to expansion of U.S. agency

residential mortgage-backed securities trading activities. Available for sale securities decreased \$434 million. The average balance of residential mortgage loans held for sale decreased \$190 million. Interest-bearing cash and cash equivalents decreased \$82 million and investment securities decreased \$77 million.

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Average deposits increased \$1.4 billion over the third quarter of 2016, including \$514 million from the Mobank acquisition. Demand deposit balances grew by \$893 million, including \$248 million from Mobank. Interest-bearing transaction account balances increased \$438 million, including \$233 million from Mobank. Savings account balances also grew over the prior year and time deposit balances were largely unchanged. Average borrowed funds decreased \$360 million compared to the third quarter of 2016, primarily due to decreased borrowings from the Federal Home Loan Banks and lower average repurchase agreement balances. The average balance of subordinated debentures decreased \$111 million.

Excluding the impact of net interest recoveries in the third quarter of 2017, net interest margin increased 6 basis points over the second quarter of 2017. The yield on average earning assets increased 14 basis points. The loan portfolio yield increased by 17 basis points primarily due to increases in the 30 day and 90 day LIBOR. The yield on the available for sale securities portfolio increased 6 basis points. The yield on interest-bearing cash and cash equivalents increased 25 basis points. Funding costs were 0.75 percent, up 12 basis points over the prior quarter. The benefit to net interest margin from earning assets funded by non-interest bearing liabilities increased 4 basis points over the prior quarter.

Average earning assets increased \$395 million compared to the second 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 securities 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 deposits increased \$27 million over the previous quarter. Demand deposit balances increased \$51 million, partially offset by a \$28 million decrease in time deposit balances. Interest-bearing transaction account balances were largely unchanged compared to the prior quarter. The average balance of borrowed funds increased \$511 million over the second quarter of 2017 primarily due to increased borrowings from the Federal Home Loan Banks, partially offset by lower average repurchase agreement balances.

Our overall objective is to manage the Company's balance sheet to be relatively neutral to changes in interest rates as is further described in the Market Risk section of this report. Approximately 81% of our commercial and commercial real estate loan portfolios are either variable rate or fixed rate that will reprice within one year. These loans are funded primarily by deposit accounts that are either non-interest bearing, or that reprice more slowly than the loans. The result is a balance sheet that would be asset sensitive, which means that assets generally reprice more quickly than liabilities. One of the strategies that we use to manage toward a relative rate-neutral position is to purchase fixed-rate residential mortgage-backed securities issued primarily by U.S. government agencies and fund them with market-rate-sensitive liabilities. The liability-sensitive nature of this strategy provides an offset to the asset-sensitive characteristics of our loan portfolio. We also may use derivative instruments to manage our interest rate risk.

The effectiveness of these strategies is reflected in the overall change in net interest revenue due to changes in interest rates as shown in Table 1 and in the interest rate sensitivity projections as shown in the Market Risk section of this report.

Table 1 -- Volume/Rate Analysis
(In thousands)

	Three Months Ended			Nine Months Ended		
	September 30, 2017 / 2016			September 30, 2017 / 2016		
	Change	Change Due To ¹		Change	Change Due To ¹	
		Volume	Yield/Rate		Volume	Yield/Rate
Tax-equivalent interest revenue:						
Interest-bearing cash and cash equivalents	\$3,724	\$(204)	\$ 3,928	\$7,891	\$(172)	\$ 8,063
Trading securities	965	3,813	(2,848)	8,349	12,645	(4,296)
Investment securities:						
Taxable securities	(58)	(40)	(18)	(358)	(246)	(112)
Tax-exempt securities	(201)	(452)	251	(413)	(1,058)	645
Total investment securities	(259)	(492)	233	(771)	(1,304)	533
Available for sale securities:						
Taxable securities	2,066	(1,536)	3,602	(364)	(4,819)	4,455
Tax-exempt securities	(301)	(275)	(26)	(586)	(771)	185
Total available for sale securities	1,765	(1,811)	3,576	(950)	(5,590)	4,640
Fair value option securities	3,535	1,881	1,654	4,803	2,532	2,271
Restricted equity securities	316	(168)	484	850	(294)	1,144
Residential mortgage loans held for sale	(1,520)	(1,597)	77	(3,506)	(3,641)	135
Loans	37,429	8,320	29,109	86,798	24,936	61,862
Total tax-equivalent interest revenue	45,955	9,742	36,213	103,464	29,112	74,352
Interest expense:						
Transaction deposits	4,645	211	4,434	9,719	816	8,903
Savings deposits	(10)	5	(15)	(23)	36	(59)
Time deposits	83	(43)	126	(1,541)	(659)	(882)
Funds purchased	83	(26)	109	134	(92)	226
Repurchase agreements	87	(37)	124	26	(62)	88
Other borrowings	11,000	(384)	11,384	21,439	(1,190)	22,629
Subordinated debentures	(398)	(1,331)	933	2,042	(2,823)	4,865
Total interest expense	15,490	(1,605)	17,095	31,796	(3,974)	35,770
Tax-equivalent net interest revenue	30,465	11,347	19,118	71,668	33,086	38,582
Change in tax-equivalent adjustment	(141)			(140)		
Net interest revenue	\$30,606			\$71,808		

¹ Changes attributable to both volume and yield/rate are allocated to both volume and yield/rate on an equal basis.

Other Operating Revenue

Other operating revenue was \$175.7 million for the third quarter of 2017, an \$11.6 million decrease compared to the third quarter of 2016 and a \$6.5 million decrease compared to the second quarter of 2017. Fees and commissions revenue decreased \$7.8 million compared to the third quarter of 2016 and decreased \$4.0 million compared to the prior quarter. The change in the fair value of mortgage servicing rights, net of economic hedges, increased other operating revenue by \$1.0 million in the third quarter of 2017, increased other operating revenue by \$1.2 million in the third quarter of 2016 and decreased other operating revenue \$1.7 million in the second quarter of 2017.

Table 2 – Other Operating Revenue
(In thousands)

	Three Months Ended September 30,		Increase (Decrease)	% Increase (Decrease)	Three Months Ended June 30, 2017	Increase (Decrease)	% Increase (Decrease)
	2017	2016					
Brokerage and trading revenue	\$33,169	\$38,006	\$(4,837)	(13)%	\$31,764	\$1,405	4%
Transaction card revenue	37,826	33,933	3,893	11%	35,296	2,530	7%
Fiduciary and asset management revenue	40,687	34,073	6,614	19%	41,808	(1,121)	(3)%
Deposit service charges and fees	23,209	23,668	(459)	(2)%	23,354	(145)	(1)%
Mortgage banking revenue	24,890	38,516	(13,626)	(35)%	30,276	(5,386)	(18)%
Other revenue	13,670	13,080	590	5%	14,984	(1,314)	(9)%
Total fees and commissions revenue	173,451	181,276	(7,825)	(4)%	177,482	(4,031)	(2)%
Other gains (losses), net	(1,283)	2,442	(3,725)	N/A	6,108	(7,391)	N/A
Gain on derivatives, net	1,033	2,226	(1,193)	N/A	3,241	(2,208)	N/A
Gain (loss) on fair value option securities, net	661	(3,355)	4,016	N/A	1,984	(1,323)	N/A
Change in fair value of mortgage servicing rights	(639)	2,327	(2,966)	N/A	(6,943)	6,304	N/A
Gain on available for sale securities, net	2,487	2,394	93	N/A	380	2,107	N/A
Total other operating revenue	\$175,710	\$187,310	\$(11,600)	(6)%	\$182,252	\$(6,542)	(4)%

Certain percentage increases (decreases) in non-fees and commissions revenue are not meaningful for comparison purposes based on the nature of the item.

Fees and commissions revenue

Diversified sources of fees and commissions revenue are a significant part of our business strategy and represented 44 percent of total revenue for the third quarter of 2017, excluding provision for credit losses and gains and losses on other assets, securities and derivatives and the change in the fair value of mortgage servicing rights. We believe that a variety of fee revenue sources provides an offset to changes in interest rates, values in the equity markets, commodity prices and consumer spending, all of which can be volatile. As an example of this strength, many of the economic factors that cause net interest revenue compression such as falling interest rates may also drive growth in our mortgage banking revenue. We expect growth in other operating revenue to come through offering new products and services and by further development of our presence in other markets. However, current and future economic conditions, regulatory constraints, increased competition and saturation in our existing markets could affect the rate of future increases.

Brokerage and trading revenue, which includes revenues from trading, customer hedging, retail brokerage and investment banking, decreased \$4.8 million or 13 percent compared to the third quarter of 2016.

Trading revenue includes net realized and unrealized gains primarily related to sales of U.S. government securities, residential mortgage-backed securities guaranteed by U.S. government agencies and municipal securities to institutional customers and related derivative instruments. Trading revenue was \$11.9 million for the third quarter of 2017, a \$98 thousand or 1 percent decrease compared to the third quarter of 2016.

Customer hedging revenue is based primarily on realized and unrealized changes in the fair value of derivative contracts held for customer risk management programs. As more fully discussed under Customer Derivative Programs in Note 3 of the Consolidated Financial Statements, we offer commodity, interest rate, foreign exchange and equity derivatives to our customers. Customer hedging revenue totaled \$10.5 million for the third quarter of 2017, a \$3.2 million or 23 percent decrease compared to the third quarter of 2016 primarily attributed to decreased activity related to our mortgage banking customers.

Revenue earned from retail brokerage transactions decreased \$1.7 million or 25 percent compared to the third quarter of 2016 to \$5.2 million. Retail brokerage revenue includes fees and commissions earned on sales of fixed income securities, annuities, mutual funds and other financial instruments to retail customers. Revenue is primarily based on the volume of customer transactions and applicable commission rate for each product type. The implementation of the new Department of Labor ("DOL") fiduciary rule in the second quarter of 2017 has negatively impacted retail brokerage revenue. New regulation issued by the DOL amended the definition of investment advice under the Employee Retirement Income Security Act ("ERISA"). The new rule is designed to provide better protection to plans, participants, beneficiaries and individual retirement account ("IRA") owners against conflicts of interest, imprudence and disloyalty.

Investment banking revenue, which includes fees earned upon completion of underwriting and financial advisory services and loan syndication fees, totaled \$5.5 million for the third quarter of 2017, a \$214 thousand or 4 percent increase over the third quarter of 2016. Investment banking revenue is primarily related to the timing and volume of completed transactions.

Brokerage and trading revenue increased \$1.4 million over the second quarter of 2017, primarily due to increases of \$1.8 million in trading revenue and \$1.5 million in investment banking revenue, partially offset by a decrease of \$1.1 million in customer hedging revenue.

Transaction card revenue depends largely on the volume and amount of transactions processed, the number of TransFund automated teller machine ("ATM") locations and the number of merchants served. Transaction card revenue for the third quarter of 2017 increased \$3.9 million or 11.5 percent, including a \$2.1 million early termination penalty, over the third quarter of 2016. Excluding the penalty, TransFund revenue was up \$1.0 million or 5.3 percent. TransFund electronic funds transfer ("EFT") network revenue totaled \$20.8 million, up \$3.1 million or 17.3 percent over the prior year. Merchant services fees totaled \$12.0 million, a \$712 thousand or 6 percent increase. Revenue from interchange fees paid by merchants for transactions processed from debit cards issued by the Company totaled \$5.0 million, an increase of \$114 thousand or 2 percent.

Transaction card revenue increased \$2.5 million over the prior quarter, primarily due to a customer early termination fee in the third quarter of 2017.

Fiduciary and asset management revenue is earned through managing or holding of assets for customers and executing transactions or providing related services. Approximately 80 percent of fiduciary and asset management revenue is primarily based on the fair value of assets. Rates applied to asset values vary based on the nature of the relationship. Fiduciary relationships and managed asset relationships generally have higher fee rates than non-fiduciary and/or managed relationships.

Fiduciary and asset management revenue grew by \$6.6 million or 19 percent over the third quarter of 2016, primarily due to growth in assets under management, improved pricing discipline and decreased fee waivers.

Fiduciary and asset management revenue decreased \$1.1 million compared to the second quarter of 2017. The annual assessment of tax preparation fees added \$1.0 million in the second quarter of 2017.

A distribution of assets under management or administration and related fiduciary and asset management revenue follows:

Table 3 -- Assets Under Management or Administration

	Three Months Ended September 30,					
	2017			2016		
	Balance	Revenue ¹	Margin ²	Balance	Revenue ¹	Margin ²
Managed fiduciary assets:						
Personal	\$7,611,265	\$ 21,299	1.12 %	\$7,502,577	\$ 19,521	1.04 %
Institutional	12,747,679	5,585	0.18 %	11,732,295	4,366	0.15 %
Total managed fiduciary assets	20,358,944	26,884	0.53 %	19,234,872	23,887	0.50 %
Non-managed assets:						
Fiduciary	24,818,241	13,214	0.21 %	23,164,851	9,692	0.17 %
Non-fiduciary	16,458,382	589	0.01 %	17,289,854	494	0.01 %
Safekeeping and brokerage assets under administration	16,015,342	—	— %	15,584,153	—	— %
Total non-managed assets	57,291,965	13,803	0.10 %	56,038,858	10,186	0.07 %
Total assets under management or administration	\$77,650,909	\$ 40,687	0.21 %	\$75,273,730	\$ 34,073	0.18 %

¹ Fiduciary and asset management revenue includes asset-based and other fees associated with the assets.

² Annualized revenue divided by period-end balance.

A summary of changes in assets under management or administration for the three months ended September 30, 2017 and 2016 follows:

Table 4 -- Changes in Assets Under Management or Administration

	Three Months Ended September 30,	
	2017	2016
Beginning balance	\$77,811,762	\$73,001,516
Net inflows (outflows)	(1,781,037)	870,819
Net change in fair value	1,620,184	1,401,395
Ending balance	\$77,650,909	\$75,273,730

Deposit service charges and fees were \$23.2 million for the third quarter of 2017, a decrease of \$459 thousand or 2 percent compared to the third quarter of 2016. Commercial account service charge revenue totaled \$11.8 million, up \$400 thousand or 4 percent. Overdraft fees were \$9.7 million, an \$895 thousand or 8.5 percent decrease compared to the third quarter of 2016. Service charges on deposit accounts with a standard monthly fee were \$1.7 million, an increase of \$33 thousand or 2 percent. Deposit service charges and fees decreased \$145 thousand compared to the prior quarter.

Mortgage banking revenue decreased \$13.6 million or 35 percent compared to the third quarter of 2016. Mortgage production revenue decreased \$13.6 million. Mortgage loan production volumes decreased \$725 million, including a \$539 million decrease related to the Company's strategic decision to exit the correspondent lending channel during the third quarter of 2016. Production volumes in the retail channel decreased compared to the prior year as average primary mortgage interest rates were up 43 basis points over the third quarter of 2016. Gain on sale margin decreased

41 basis points compared to the prior year. The margin decrease was primarily due to market pricing pressure. Mortgage servicing revenue was relatively consistent compared to the third quarter of 2016. The outstanding principal balance of mortgage loans serviced for others totaled \$22.1 billion, an increase of \$212 million or 1 percent.

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Mortgage banking revenue decreased \$5.4 million compared to the second quarter of 2017. Mortgage production revenue decreased \$5.5 million. Production volume decreased \$78 million primarily due to increased competition. Gain on sale margin decreased due to increased market pricing pressure. Revenue from mortgage loan servicing increased \$125 thousand over the prior quarter.

Table 5 – Mortgage Banking Revenue
(In thousands)

	Three Months Ended September 30,		Increase (Decrease)	% Increase (Decrease)	Three Months Ended June 30, 2017		Increase (Decrease)	% Increase (Decrease)
	2017	2016						
Mortgage production revenue	\$8,329	\$21,958	\$(13,629)	(62)%	\$13,840	\$(5,511)	(40)%	
Mortgage loans funded for sale	\$832,796	\$1,864,583			\$902,978			
Add: Current period end outstanding commitments	334,337	630,804			362,088			
Less: Prior period end outstanding commitments	362,088	965,631			381,732			
Total mortgage production volume	\$805,045	\$1,529,756	\$(724,711)	(47)%	\$883,334	\$(78,289)	(9)%	
Mortgage loan refinances to mortgage loans funded for sale	38	% 51	% (1,300 )	) bps	33	% 500	) bps
Gains on sale margin	1.03	% 1.44	% (41 )	) bps	1.57	% (54 )	) bps
Primary mortgage interest rates:								
Average	3.88	% 3.45	% 43	) bps	3.98	% (10 )	) bps
Period end	3.83	% 3.42	% 41	) bps	3.88	% (5 )	) bps
Mortgage servicing revenue	\$16,561	\$16,558	\$3	— %	\$16,436	\$125	1 %	
Average outstanding principal balance of mortgage loans serviced for others	22,079,177	21,514,962	564,215	3 %	22,055,127	24,050	— %	
Average mortgage servicing revenue rates	0.30	% 0.31	% (1 )	) bp	0.30	% —	

¹ Actual interest earned on fair value option securities less internal transfer-priced cost of funds.

Primary rates disclosed in Table 5 above represent rates generally available to borrowers on 30 year conforming mortgage loans.

Net gains on other assets, securities and derivatives

Other net losses totaled \$1.3 million in the third quarter of 2017, which includes a \$1.1 million write-down related to recent tornado damage. Other net gains totaled \$6.1 million in the second quarter of 2017 due to the sale of a merchant banking investment.

As discussed in the Market Risk section following, the fair value of our mortgage servicing rights ("MSRs") changes in response to changes in primary mortgage loan rates and other assumptions. We attempt to mitigate the earnings volatility caused by changes in the fair value of MSRs by designating certain financial instruments as an economic hedge. Changes in the fair value of these instruments are generally expected to partially offset changes in the fair value of MSRs.

The net economic benefit of the changes in fair value of mortgage servicing rights and related economic hedges was \$3.6 million in the third quarter of 2017, including a \$639 thousand decrease in the fair value of mortgage servicing rights, offset by 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 net economic benefit of changes in the fair value of mortgage servicing rights and related economic hedges was \$2.1 million for the third quarter of 2016. The fair value of mortgage servicing rights increased \$2.3 million. The fair value of securities and interest rate derivative contracts held as an economic hedge decreased \$1.1 million. Net interest earned on securities held as an economic hedge was \$861 thousand.

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The net economic benefit of changes in the fair value of mortgage servicing rights and related economic hedges was \$247 thousand for the second quarter of 2017. The fair value of mortgage servicing rights decreased by \$6.9 million. The fair value of securities and interest rate derivative contracts held as an economic hedge increased by \$5.2 million.

Table 6 - Gain (Loss) on Mortgage Servicing Rights
(In thousands)

	Three Months Ended		
	Sept. 30, 2017	June 30, 2017	Sept. 30, 2016
Gain on mortgage hedge derivative contracts, net	\$1,025	\$3,241	\$2,268
Gain (loss) on fair value option securities, net	661	1,984	(3,355)
Gain (loss) on economic hedge of mortgage servicing rights, net	1,686	5,225	(1,087)
Gain (loss) on change in fair value of mortgage servicing rights	(639)	(6,943)	2,327
Gain (loss) on changes in fair value of mortgage servicing rights, net of economic hedges included in other operating revenue	1,047	(1,718)	1,240
Net interest revenue on fair value option securities ¹	2,543	1,965	861
Total economic benefit of changes in the fair value of mortgage servicing rights, net of economic hedges	\$3,590	\$247	\$2,101

¹ Actual interest earned on fair value option securities less internal transfer-priced cost of funds.

Other Operating Expense

Other operating expense for the third quarter of 2017 totaled \$265.9 million, an increase of \$7.8 million or 3 percent over the third quarter of 2016. Personnel expense increased \$8.7 million or 6 percent. Non-personnel expense decreased \$852 thousand or 1 percent compared to the prior year.

Other operating expense increased \$15.0 million over the previous quarter. Personnel expense was up \$4.2 million and non-personnel expense increased \$10.9 million.

In addition to \$1.1 million of losses included in other gain (losses), net, operating expense for the third quarter of 2017 included \$1.3 million of additional expense related to tornado damage sustained on our Tulsa operations center and the impact of the hurricane in the Houston market.

Table 7 – Other Operating Expense
(In thousands)

	Three Months Ended				Three Months Ended				
	September 30,		Increase (Decrease)	% Increase (Decrease)	June 30,		Increase (Decrease)	% Increase (Decrease)	
2017	2016	2017			2016	2017			2016
Regular compensation	\$83,583	\$83,123	\$ 460	1	%	\$83,630	\$ (47)	—	%
Incentive compensation:									
Cash-based	33,643	33,240	403	1	%	29,954	3,689	12	%
Share-based	8,407	1,839	6,568	357	%	7,380	1,027	14	%
Deferred compensation	975	1,059	(84)	N/A		1,000	(25)	N/A	
Total incentive compensation	43,025	36,138	6,887	19	%	38,334	4,691	12	%
Employee benefits	21,302	19,951	1,351	7	%	21,780	(478)	(2)	%
Total personnel expense	147,910	139,212	8,698	6	%	143,744	4,166	3	%
Business promotion	7,105	6,839	266	4	%	7,738	(633)	(8)	%
Professional fees and services	11,887	14,038	(2,151)	(15)	%	12,419	(532)	(4)	%
Net occupancy and equipment	21,325	20,111	1,214	6	%	21,125	200	1	%
Insurance	6,005	9,390	(3,385)	(36)	%	689	5,316	772	%
Data processing and communications	37,327	33,331	3,996	12	%	36,330	997	3	%
Printing, postage and supplies	3,917	3,790	127	3	%	4,140	(223)	(5)	%
Net losses (gains) and operating expenses of repossessed assets	6,071	(926)	6,997	(756)	%	2,267	3,804	168	%
Amortization of intangible assets	1,744	1,521	223	15	%	1,803	(59)	(3)	%
Mortgage banking costs	13,450	15,963	(2,513)	(16)	%	12,072	1,378	11	%
Other expense	9,193	14,819	(5,626)	(38)	%	8,558	635	7	%
Total other operating expense	\$265,934	\$258,088	\$ 7,846	3	%	\$250,885	\$ 15,049	6	%
Average number of employees (full-time equivalent)	4,887	4,928	(41)	(1)	%	4,910	(23)	—	%

Certain percentage increases (decreases) are not meaningful for comparison purposes.

Personnel expense

Regular compensation, which consists of salaries and wages, overtime pay and temporary personnel costs, increased \$460 thousand or 1 percent over the third quarter of 2016. The average number of employees was relatively

unchanged compared to the prior year. Standard annual merit increases in regular compensation were effective for the majority of our staff on March 1.

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Incentive compensation increased \$6.9 million or 19 percent over the third quarter of 2016, primarily due to increased share-based compensation expense. Share-based compensation expense represents expense for equity awards based on grant-date fair value. Non-vested shares generally cliff vest in 3 years and are subject to a two year holding period after vesting. The number of shares that will ultimately vest is determined by BOKF's change in earnings per share relative to a defined group of peer banks. In addition, compensation costs related to certain shares is variable based on changes in the the fair value of BOK Financial common shares. Third quarter 2017 equity compensation expense included charges of \$4.0 million from changes in the vesting assumptions for performance-based awards and \$1.9 million from an increase in the fair value of BOK Financial common shares.

Cash-based incentive compensation plans are either intended to provide current rewards to employees who generate long-term business opportunities for the Company based on growth in loans, deposits, customer relationships and other measurable metrics or intended to compensate employees with commissions on completed transactions. Cash-based incentive compensation expense increased \$403 thousand or 1 percent over the third quarter of 2016.

Employee benefits expense increased \$1.4 million or 7 percent over the the third quarter of 2016, primarily due to an increase in employee medical costs.

Personnel expense increased \$4.2 million over the second quarter of 2017. Cash-based incentive compensation increased \$3.7 million due to continued improvement of performance metrics against internal targets. Regular compensation expense was largely unchanged compared to the prior quarter. A \$1.5 million seasonal decrease in payroll tax expense was partially offset by a \$740 thousand increase in employee healthcare costs.

Non-personnel operating expense

Non-personnel operating expense decreased \$852 thousand or 1% compared to the third quarter of 2016.

Deposit insurance expense decreased \$3.4 million due to improvement in risk factors including the benefit of decreased criticized and classified asset levels. Mortgage banking expense decreased \$2.5 million primarily due to lower prepayments as average mortgage interest rates trended upward. Professional fees and servicing expense decreased \$2.2 million.

Data processing and communications expense increased \$4.0 million. Occupancy and equipment expense increased \$1.2 million. Increases in these expense categories were primarily due to information technology infrastructure and cybersecurity project costs and increased data processing transaction activity.

Other expense decreased \$5.6 million compared to the third quarter of 2016, primarily due to a \$5.0 million legal settlement accrual concerning the manner in which the Company posted charges to certain consumer and small business deposit accounts in the third quarter of 2016.

Non-personnel expense increased \$10.9 million over the second quarter of 2017. Deposit insurance expense increased \$5.3 million, primarily due to \$5.1 million in credits received during the second quarter of 2017 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 mainly due to a \$4.7 million write-down of a set of oil and gas properties. Mortgage banking expense increased \$1.4 million and data processing and communication expense increased \$1.0 million.

Income Taxes

The Company's income tax expense was \$42.4 million or 33.1 percent of net income before taxes for the third quarter of 2017 compared to \$32.0 million or 29.8 percent of net income before taxes for the third quarter of 2016 and \$47.7 million or 34.9 percent of net income before taxes for the second quarter of 2017.

The statute of limitations expired on uncertain income tax positions and the Company adjusted its current income tax liability amounts on filed tax returns for 2016 during the third quarter of 2017. These adjustments reduced income tax expense by \$3.1 million in the third quarter of 2017. Adjustments reduced income tax expense by \$4.1 million in the third quarter of 2016 related to filed tax returns for 2015. Excluding these adjustments, income tax expense would have been 35.5 percent of net income before taxes for the third quarter of 2017 and 33.7 percent of net income before taxes for the third quarter of 2016.

The Company's effective tax rate is affected by recurring items such as amortization related to its investments in affordable housing investments net of affordable housing tax credits and other tax benefits, bank-owned life insurance and tax-exempt income. The effective tax rate is also affected by items that may occur in any given period but are not consistent from period to period. Accordingly, the comparability of the effective tax rate from period to period may be impacted.

BOK Financial operates in numerous jurisdictions, which requires judgment regarding the allocation of income, expense and earnings under various laws and regulations of each of these taxing jurisdictions. Each jurisdiction may audit our tax returns and may take different positions with respect to these allocations. The reserve for uncertain tax positions was \$18 million at September 30, 2017, \$17 million at June 30, 2017 and \$14 million at September 30, 2016.

Lines of Business

We operate three principal lines of business: Commercial Banking, Consumer Banking and Wealth Management. Commercial Banking includes lending, treasury and cash management services and customer risk management products for small businesses, middle market and larger commercial customers. Commercial Banking also includes the TransFund EFT network. Consumer Banking includes retail lending and deposit services, lending and deposit services to small business customers served through our consumer branch network and all mortgage banking activities. Wealth Management provides fiduciary services, private banking services and investment advisory services in all markets. Wealth Management also underwrites state and municipal securities and engages in brokerage and trading activities.

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

We allocate resources and evaluate the performance of our lines of business using the net direct contribution, which includes the allocation of funds, actual net credit losses and capital costs. In addition, we measure the performance of our business lines after allocation of certain indirect expenses and taxes based on statutory rates.

The cost of funds borrowed from the Funds Management unit by the operating lines of business is transfer priced at rates that approximate market rates for funds with similar repricing and cash flow characteristics. Market rates are generally based on the applicable LIBOR or interest rate swap rates, adjusted for prepayment and liquidity risk. This

method of transfer-pricing funds that supports assets of the operating lines of business tends to insulate them from interest rate risk.

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

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

As shown in Table 8, net income attributable to our lines of business increased \$18.1 million or 25 percent over the third quarter of 2016. Net interest revenue grew by \$34.9 million over the prior year. Other operating revenue decreased \$6.9 million while operating expenses decreased \$3.2 million. Net charge-offs were down \$2.8 million compared to the prior year.

Table 8 -- Net Income by Line of Business
(In thousands)

	Three Months Ended		Nine Months Ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Commercial Banking	\$69,689	\$55,995	\$201,603	\$145,885
Consumer Banking	6,734	8,761	18,900	13,103
Wealth Management	15,576	9,108	45,684	26,865
Subtotal	91,999	73,864	266,187	185,853
Funds Management and other	(6,350)	413	(4,035)	(3,211)
Total	\$85,649	\$74,277	\$262,152	\$182,642

Commercial Banking

Commercial Banking contributed \$69.7 million to consolidated net income in the third quarter of 2017, an increase of \$13.7 million or 25 percent over the third quarter of 2016. The increase in Commercial Banking's contribution was largely due to an increase in net interest revenue.

Table 9 -- Commercial Banking
(Dollars in thousands)

	Three Months Ended September 30,		Increase (Decrease)	Nine Months Ended September 30,		Increase (Decrease)
	2017	2016		2017	2016	
Net interest revenue from external sources	\$ 157,080	\$ 123,599	\$ 33,481	\$ 435,946	\$ 358,713	\$ 77,233
Net interest expense from internal sources	(24,173)	(15,052)	(9,121)	(61,803)	(44,259)	(17,544)
Total net interest revenue	132,907	108,547	24,360	374,143	314,454	59,689
Net loans charged off	3,217	5,601	(2,384)	2,983	34,024	(31,041)
Net interest revenue after net loans charged off	129,690	102,946	26,744	371,160	280,430	90,730
Fees and commissions revenue	53,928	47,710	6,218	148,193	144,215	3,978
Other gains, net	163	1,932	(1,769)	7,946	2,033	5,913
Other operating revenue	54,091	49,642	4,449	156,139	146,248	9,891
Personnel expense	28,902	28,365	537	83,935	82,513	1,422
Non-personnel expense	28,050	25,010	3,040	84,582	79,526	5,056
Other operating expense	56,952	53,375	3,577	168,517	162,039	6,478
Net direct contribution	126,829	99,213	27,616	358,782	264,639	94,143
Gain on financial instruments, net	4	—	4	46	—	46
Gain (loss) on repossessed assets, net	(4,126)	1,486	(5,612)	(2,728)	806	(3,534)
Corporate expense allocations	8,650	9,054	(404)	26,144	26,681	(537)
Income before taxes	114,057	91,645	22,412	329,956	238,764	91,192
Federal and state income tax	44,368	35,650	8,718	128,353	92,879	35,474
Net income	\$ 69,689	\$ 55,995	\$ 13,694	\$ 201,603	\$ 145,885	\$ 55,718
Average assets	\$ 17,558,390	\$ 16,934,587	\$ 623,803	\$ 17,525,658	\$ 16,958,999	\$ 566,659
Average loans	14,274,896	13,737,081	537,815	14,157,340	13,542,719	614,621
Average deposits	8,683,331	8,317,341	365,990	8,656,144	8,392,558	263,586
Average invested capital	1,353,525	1,285,627	67,898	1,334,056	1,234,962	99,094

Net interest revenue increased \$24.4 million or 22 percent over the prior year. Growth in net interest revenue was primarily due to increased yields on commercial loans due to rising short-term interest rates and a \$538 million or 4 percent increase in average loan balances. Average deposit balances increased \$366 million or 4 percent. The Mobank acquisition increased loans by \$390 million and deposits by \$396 million. Yields on deposits sold to the funds management unit also went up due to the increase in short-term interest rates from the Federal Reserve increase in the federal funds rate.

Fees and commissions revenue increased \$6.2 million or 13 percent compared to the third quarter of 2016 primarily due to a \$3.9 million increase in transaction card revenue and a \$1.5 million increase in brokerage and trading revenue. The increase in transaction card revenue included a \$2.1 million early customer termination fee received in the third quarter of 2017. The increase in brokerage and trading revenue was largely due a \$1.2 million increase in loan syndication fees.

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Operating expenses increased \$3.6 million or 7 percent compared to the third quarter of 2016. Personnel expense increased \$537 thousand or 2 percent. Non-personnel expense increased \$3.0 million or 12 percent. Net repossession expense increased \$1.3 million related mainly to the repossession of certain oil and gas properties. Deposit insurance expense increased \$1.4 million due to increased granularity in the allocation to the segments.

The average outstanding balance of loans attributed to Commercial Banking grew by \$538 million or 4 percent over the third quarter of 2016 to \$14.3 billion. See the Loans section of Management's Discussion and Analysis of Financial Condition following for additional discussion of changes in commercial and commercial real estate loans, which are primarily attributed to the Commercial Banking segment.

Average deposits attributed to Commercial Banking were \$8.7 billion for the third quarter of 2017, an increase of \$366 million or 4 percent compared to the third quarter of 2016. See Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital for further discussion of change.

Consumer Banking

Consumer Banking provides retail banking services through four primary distribution channels: traditional branches, the 24-hour ExpressBank call center, Internet banking and mobile banking. Consumer Banking also conducts mortgage banking activities through offices located outside of our consumer banking markets and through Home Direct Mortgage, an online origination channel.

Consumer Banking contributed \$6.7 million to consolidated net income for the third quarter of 2017, down \$2.0 million compared to the third quarter of 2016. Growth in net interest revenue of \$6.4 million was offset by a decrease in other operating revenue of \$13.6 million while operating expense decreased by \$4.2 million.

Table 10 -- Consumer Banking
(Dollars in thousands)

	Three Months Ended		Increase (Decrease)	Nine Months Ended		Increase (Decrease)
	September 30, 2017	2016		September 30, 2017	2016	
Net interest revenue from external sources	\$25,576	\$22,098	\$3,478	\$70,208	\$65,897	\$4,311
Net interest revenue from internal sources	12,213	9,263	2,950	35,002	27,492	7,510
Total net interest revenue	37,789	31,361	6,428	105,210	93,389	11,821
Net loans charged off	1,315	1,157	158	3,512	4,177	(665)
Net interest revenue after net loans charged off	36,474	30,204	6,270	101,698	89,212	12,486
Fees and commissions revenue	47,134	60,773	(13,639)	146,605	172,114	(25,509)
Other gains (losses), net	(101)	(170)	69	(165)	(42)	(123)
Other operating revenue	47,033	60,603	(13,570)	146,440	172,072	(25,632)
Personnel expense	25,547	26,604	(1,057)	76,490	77,675	(1,185)
Non-personnel expense	31,238	34,360	(3,122)	89,537	101,812	(12,275)
Total other operating expense	56,785	60,964	(4,179)	166,027	179,487	(13,460)
Net direct contribution	26,722	29,843	(3,121)	82,111	81,797	314
Gain (loss) on financial instruments, net	1,686	(1,087)	2,773	5,242	30,539	(25,297)
Change in fair value of mortgage servicing rights	(639)	2,327	(2,966)	(5,726)	(41,944)	36,218
Gain on repossessed assets, net	292	161	131	253	566	(313)
Corporate expense allocations	17,039	16,905	134	50,947	49,513	1,434
Income before taxes	11,022	14,339	(3,317)	30,933	21,445	9,488
Federal and state income tax	4,288	5,578	(1,290)	12,033	8,342	3,691
Net income	\$6,734	\$8,761	\$(2,027)	\$18,900	\$13,103	\$5,797
Average assets	\$9,115,319	\$8,827,816	\$287,503	\$8,871,470	\$8,763,564	\$107,906
Average loans	1,961,265	1,893,431	67,834	1,945,122	1,888,693	56,429
Average deposits	6,707,859	6,660,514	47,345	6,651,177	6,623,724	27,453
Average invested capital	327,667	356,788	(29,121)	321,420	328,752	(7,332)

Net interest revenue from Consumer Banking activities grew by \$6.4 million or 21 percent over the the third quarter of 2016 primarily due to increased rates received on deposit balances sold to the Funds Management unit. Average loan balances grew by \$68 million or 4 percent and average deposits increased \$47 million or 1% over the prior year.

Fees and commissions revenue decreased \$13.6 million or 22 percent compared to the third quarter of 2016 due to a \$13.6 million decrease in mortgage banking revenue. Mortgage loan production volumes decreased \$725 million, largely due to the exit from the correspondent lending channel. Gain on sale margin decreased 41 basis points due to market pricing pressure. Revenue from interchange fees paid by merchants for transactions processed from debit cards issued by the Company and deposit service charges and fees were relatively unchanged compared to the prior year.

Operating expenses decreased \$4.2 million or 7 percent compared to the third quarter of 2016. Personnel expenses decreased \$1.1 million or 4 percent. Non-personnel expense decreased \$3.1 million or 9 percent compared to the prior year. Mortgage banking costs were down \$2.5 million primarily due to lower prepayments of loans serviced for others. A \$1.8 million decrease in professional fees and services expense was partially offset by an increase of \$575 thousand in data processing and communications expense and \$569 thousand in business promotion expense.

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Changes in the fair value of our mortgage servicing rights, net of economic hedge, resulted in a \$640 thousand increase in Consumer Banking net income in the third quarter of 2017 compared to a \$758 thousand increase in Consumer Banking net income in the third quarter of 2016.

Average consumer deposits grew by \$47 million over the third quarter of 2016. Higher-costing time deposit balances decreased \$114 million or 10 percent, offset by an \$80 million or 5 percent increase in demand deposit balances, a \$42 million or 11 percent increase in savings account balances and a \$39 million or 1 percent increase in interest-bearing transaction accounts.

Wealth Management

Wealth Management contributed \$15.6 million to consolidated net income in the third quarter of 2017, up \$6.5 million or 71 percent over the third quarter of 2016, largely due to growth in net interest revenue.

Table 11 -- Wealth Management
(Dollars in thousands)

	Three Months Ended September 30,		Increase (Decrease)	Nine Months Ended September 30,		Increase (Decrease)
	2017	2016		2017	2016	
Net interest revenue from external sources	\$11,169	\$9,274	\$1,895	\$33,130	\$21,620	\$11,510
Net interest revenue from internal sources	9,604	7,401	2,203	28,784	22,258	6,526
Total net interest revenue	20,773	16,675	4,098	61,914	43,878	18,036
Net loans charged off (recovered)	(623	) (89	) (534	) (676	) (479	) (197
Net interest revenue after net loans charged off (recovered)	21,396	16,764	4,632	62,590	44,357	18,233
Fees and commissions revenue	75,915	73,331	2,584	225,390	217,519	7,871
Other gains (losses), net	(208	) 192	(400	) 44	523	(479
Other operating revenue	75,707	73,523	2,184	225,434	218,042	7,392
Personnel expense	46,494	48,969	(2,475	) 136,758	142,235	(5,477
Non-personnel expense	15,297	15,457	(160	) 46,058	44,289	1,769
Other operating expense	61,791	64,426	(2,635	) 182,816	186,524	(3,708
Net direct contribution	35,312	25,861	9,451	105,208	75,875	29,333
Loss on financial instruments, net	—	(42	) 42	—	(42	) 42
Corporate expense allocations	9,819	10,912	(1,093	) 30,438	31,864	(1,426
Income before taxes	25,493	14,907	10,586	74,770	43,969	30,801
Federal and state income tax	9,917	5,799	4,118	29,086	17,104	11,982
Net income	\$15,576	\$9,108	\$6,468	\$45,684	\$26,865	\$18,819
Average assets	\$6,992,021	\$6,413,735	\$578,286	\$6,971,369	\$5,916,545	\$1,054,824
Average loans	1,324,574	1,139,396	185,178	1,301,549	1,109,410	192,139
Average deposits	5,495,250	4,913,409	581,841	5,535,979	4,710,893	825,086
Average invested capital	244,976	202,168	42,808	231,608	198,167	33,441

Net interest revenue for the third quarter of 2017 increased \$4.1 million or 25 percent over the third quarter of 2016, primarily due to the increase in the average loan volume of \$185 million coupled with the increase in rates. Additionally, earnings on net funds invested grew by \$2.2 million. Average deposit balances grew by \$582 million or 12 percent over the third quarter of 2016. Non-interest bearing demand deposits grew by \$240 million or 21 percent, interest-bearing transaction account balances increased \$264 million or 9 percent and time deposit balances grew by \$76 million or 11 percent. Average loan balances increased \$185 million or 16 percent over the prior year.

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Fees and commissions revenue increased \$2.2 million or 3 percent over the third quarter of 2016. Fiduciary and asset management revenue increased \$6.5 million or 19 percent over the prior year primarily due to growth in assets under management, improved pricing discipline and decreased fee waivers. Brokerage and trading revenue decreased by \$4.8 million or 14 percent primarily due to decreased activity related to our mortgage banking customers along with a decrease in brokerage fees due to the implementation of the DOL fiduciary rule in the second quarter of 2017.

Fees and commissions revenue above includes fees earned from state and municipal bond and corporate debt underwritings and financial advisory services, primarily in the Oklahoma and Texas markets. In the third quarter of 2017, the Wealth Management division participated in 79 state and municipal bond underwritings that totaled \$1.7 billion. As a participant, the Wealth Management division was responsible for facilitating the sale of approximately \$454 million of these underwritings. The Wealth Management division also participated in 7 corporate debt underwritings that totaled \$2.6 billion. Our interest in these underwritings was \$69 million. In the third quarter of 2016, the Wealth Management division participated in 107 state and municipal bond underwritings that totaled approximately \$5.2 billion. Our interest in these underwritings totaled approximately \$708 million. The Wealth Management division also participated in 11 corporate debt underwritings that totaled \$4 billion. Our interest in these underwritings was \$93 million.

Operating expense decreased \$2.6 million or 4 percent compared to the third quarter of 2016. Personnel expense decreased \$2.5 million primarily due to decreased incentive compensation expense. Non-personnel expense decreased \$160 thousand.

Corporate expense allocations decreased \$1.1 million or 10 percent compared to the prior year.

Financial Condition

Securities

We maintain a securities portfolio to enhance profitability, manage interest rate risk, provide liquidity and comply with regulatory requirements. Securities are classified as trading, held for investment, or available for sale. See Note 2 to the consolidated financial statements for the composition of the securities portfolio as of September 30, 2017, December 31, 2016 and September 30, 2016.

At September 30, 2017, the carrying value of investment (held-to-maturity) securities was \$467 million and the fair value was \$490 million. Investment securities consist primarily of long-term, fixed rate Oklahoma and Texas municipal bonds, taxable Texas school construction bonds and residential mortgage-backed securities issued by U.S. government agencies. The investment security portfolio is diversified among issuers. The largest obligation of any single issuer is \$30 million. Substantially all of these bonds are general obligations of the issuers. Approximately \$99 million of the \$198 million portfolio of Texas school construction bonds is also guaranteed by the Texas Permanent School Fund Guarantee Program supervised by the State Board of Education for the State of Texas.

Available for sale securities, which may be sold prior to maturity, are carried at fair value. Unrealized gains or losses, net of deferred taxes, are recorded as accumulated other comprehensive income in shareholders' equity. The amortized cost of available for sale securities totaled \$8.4 billion at September 30, 2017, a \$44 million increase compared to June 30, 2017. At September 30, 2017, the available for sale securities portfolio consisted primarily of U.S. government agency residential mortgage-backed securities with an amortized cost of \$5.3 billion and U.S. government agency commercial mortgage-backed securities with an amortized cost of \$2.9 billion. Both residential and commercial mortgage-backed securities also have credit risk from delinquency or default of the underlying loans. We mitigate this risk by primarily investing in securities issued by U.S. government agencies. Principal and interest payments on the underlying loans are fully guaranteed. Commercial mortgage-backed securities have prepayment penalties similar to commercial loans.

A primary risk of holding residential mortgage-backed securities comes from extension during periods of rising interest rates or prepayment during periods of falling interest rates. We evaluate this risk through extensive modeling of risk both before making an investment and throughout the life of the security. Our best estimate of the duration of the combined residential mortgage-backed securities portfolio held in investment and available for sale securities at September 30, 2017 is 3.2 years. Management estimates the duration extends to 3.9 years assuming an immediate 200 basis point upward shock. The estimated duration contracts to 2.8 years assuming a 50 basis point decline in the current low rate environment.

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We also hold amortized cost of \$81 million in residential mortgage-backed securities privately issued by publicly-owned financial institutions, a decrease of \$5.9 million from June 30, 2017 due to cash payments received during the quarter. The fair value of our portfolio of privately issued residential mortgage-backed securities totaled \$100 million at September 30, 2017.

The aggregate gross amount of unrealized losses on available for sale securities totaled \$51 million at September 30, 2017, compared to \$50 million at June 30, 2017. On a quarterly basis, we perform separate evaluations on debt and equity securities to determine if the unrealized losses are temporary as more fully described in Note 2 of the Consolidated Financial Statements. No other-than-temporary impairment charges were recognized in earnings during the third quarter of 2017.

BOK Financial is required to hold stock as members of the Federal Reserve system and the Federal Home Loan Banks ("FHLB"). These restricted equity securities are carried at cost as these securities do not have a readily determined fair value because the ownership of these shares is restricted and they lack a market. Federal Reserve Bank stock totaled \$37 million and holdings of FHLB stock totaled \$311 million at September 30, 2017. Holdings of FHLB stock increased \$37 million compared to June 30, 2017. We are required to hold stock in the FHLB in proportion to our borrowings with the FHLB.

Bank-Owned Life Insurance

We have approximately \$314 million of bank-owned life insurance at September 30, 2017. This investment is expected to provide a long-term source of earnings to support existing employee benefit programs. Approximately \$286 million is held in separate accounts. Our separate account holdings are invested in diversified portfolios of investment-grade fixed income securities and cash equivalents, including U.S. Treasury and Agency securities, residential mortgage-backed securities, corporate debt, asset-backed and commercial mortgage-backed securities. The portfolios are managed by unaffiliated professional managers within parameters established in the portfolio's investment guidelines. The cash surrender value of certain life insurance policies is further supported by a stable value wrap, which protects against changes in the fair value of the investments. At September 30, 2017, the fair value of investments held in separate accounts was approximately \$292 million. As the underlying fair value of the investments held in a separate accounts at September 30, 2017 exceeded the net book value of the investments, no cash surrender value was supported by the stable value wrap. The stable value wrap is provided by a domestic financial institution. The remaining cash surrender value of \$28 million primarily represents the cash surrender value of policies held in general accounts and other amounts due from various insurance companies.

Loans

The aggregate loan portfolio before allowance for loan losses totaled \$17 billion at September 30, 2017, an increase of \$23 million over June 30, 2017. The outstanding balance of commercial loans increased by \$158 million, offset by a \$170 million decrease in commercial real estate loan balances. Residential mortgage loans increased \$6.6 million and personal loans grew by \$29 million.

Table 12 -- Loans
(In thousands)

	Sept. 30, 2017	June 30, 2017	Mar. 31, 2017	Dec. 31, 2016	Sept. 30, 2016
Commercial:					
Energy	\$2,867,981	\$2,847,240	\$2,537,112	\$2,497,868	\$2,520,804
Services	2,967,513	2,958,827	3,013,375	3,108,990	2,936,599
Healthcare	2,239,451	2,221,518	2,265,604	2,201,916	2,085,046
Wholesale/retail	1,658,098	1,543,695	1,506,243	1,576,818	1,602,030
Manufacturing	519,446	546,137	543,430	514,975	499,486
Other commercial and industrial	543,445	520,538	461,346	490,257	476,198
Total commercial	10,795,934	10,637,955	10,327,110	10,390,824	10,120,163
Commercial real estate:					
Retail	725,865	722,805	745,046	761,888	801,377
Multifamily	999,009	952,380	922,991	903,272	873,773
Office	797,089	862,973	860,889	798,888	752,705
Industrial	591,080	693,635	871,463	871,749	838,021
Residential construction and land development	112,102	141,592	135,994	135,533	159,946
Other commercial real estate	292,997	315,207	334,680	337,716	367,776
Total commercial real estate	3,518,142	3,688,592	3,871,063	3,809,046	3,793,598
Residential mortgage:					
Permanent mortgage	1,013,965	989,040	977,743	1,006,820	969,558
Permanent mortgages guaranteed by U.S. government agencies	187,370	191,729	204,181	199,387	190,309
Home equity	744,415	758,429	764,350	743,625	712,926
Total residential mortgage	1,945,750	1,939,198	1,946,274	1,949,832	1,872,793
Personal	947,008	917,900	847,459	839,958	678,232
Total	\$17,206,834	\$17,183,645	\$16,991,906	\$16,989,660	\$16,464,786

Commercial

Commercial loans represent loans for working capital, facilities acquisition or expansion, purchases of equipment and other needs of commercial customers primarily located within our geographical footprint. Commercial loans are underwritten individually and represent ongoing relationships based on a thorough knowledge of the customer, the customer's industry and market. While commercial loans are generally secured by the customer's assets including real property, inventory, accounts receivable, operating equipment, interests in mineral rights and other property and may also include personal guarantees of the owners and related parties, the primary source of repayment of the loans is the ongoing cash flow from operations of the customer's business. Inherent lending risks are centrally monitored on a

continuous basis from underwriting throughout the life of the loan for compliance with commercial lending policies.

Commercial loans totaled \$10.8 billion or 63 percent of the loan portfolio at September 30, 2017, an increase of \$158 million over June 30, 2017. Wholesale/retail loan balances grew by \$114 million. Other commercial and industrial loans increased by \$23 million, energy loan balances increased by \$21 million and healthcare sector loan balances increased \$18 million. This growth was offset by a \$27 million decrease in manufacturing sector loan balances.

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Table 13 presents the commercial sector of our loan portfolio distributed primarily by collateral location. Loans for which collateral location is less relevant, such as unsecured loans and reserve-based energy loans, are distributed by the borrower's primary operating location.

Table 13 -- Commercial Loans by Collateral Location
(In thousands)

	Oklahoma	Texas	New Mexico	Arkansas	Colorado	Arizona	Kansas/Michigan	Other	Total
Energy	\$515,667	\$1,538,977	\$16,971	\$4,020	\$334,392	\$8,606	\$72,259	\$377,089	\$2,867,981
Services	661,654	856,253	187,561	5,965	316,468	231,846	314,463	393,303	2,967,513
Healthcare	265,166	394,476	131,983	96,446	122,688	127,707	263,705	837,280	2,239,451
Wholesale/retail	422,993	587,592	44,080	31,501	71,908	62,706	88,834	348,484	1,658,098
Manufacturing	109,034	150,554	410	3,121	61,398	32,885	95,558	66,486	519,446
Other commercial and industrial	107,925	160,797	2,371	71,194	26,610	19,204	58,728	96,616	543,445
Total commercial loans	\$2,082,439	\$3,688,649	\$383,376	\$212,247	\$933,464	\$482,954	\$893,547	\$2,119,258	\$10,795,934

The majority of the collateral securing our commercial loan portfolio is located within our geographical footprint with 34 percent concentrated in the Texas market and 19 percent concentrated in the Oklahoma market. At September 30, 2017, the Other category is primarily composed of California - \$310 million or 2.87 percent of the commercial loan portfolio, Florida - \$195 million or 1.81 percent of the commercial loan portfolio, Louisiana - \$171 million or 1.58 percent of the commercial loan portfolio, Pennsylvania - \$119 million or 1.10 percent of the commercial loan portfolio and Tennessee - \$114 million or 1.05 percent of the commercial loan portfolio. All other states individually represent one percent or less of total commercial loans.

Supporting the energy industry with loans to producers and other energy-related entities has been a hallmark of the Company since its founding and represents a large portion of our commercial loan portfolio. In addition, energy production and related industries have a significant impact on the economy in our primary markets. Loans collateralized by oil and gas properties are subject to a semi-annual engineering review by our internal staff of petroleum engineers. This review is utilized as the basis for developing the expected cash flows supporting the loan amount. The projected cash flows are discounted according to risk characteristics of the underlying oil and gas properties. Loans are evaluated to demonstrate with reasonable certainty that crude oil, natural gas and natural gas liquids can be recovered from known oil and gas reservoirs under existing economic and operating conditions at current pricing levels and with existing conventional equipment and operating methods and costs. As part of our evaluation of credit quality, we analyze rigorous stress tests over a range of commodity prices and take proactive steps to mitigate risk when appropriate.

Outstanding energy loans totaled \$2.9 billion or 17 percent of total loans at September 30, 2017. Unfunded energy loan commitments of \$2.7 billion at September 30, 2017 were largely unchanged compared to June 30, 2017. Approximately \$2.3 billion of energy loans were to oil and gas producers, largely unchanged compared to June 30, 2017. The majority of this portfolio is first lien, senior secured, reserve-based lending, which we believe is the lowest risk form of energy lending. The Company has largely avoided higher-risk energy lending areas including second-lien financing, mezzanine debt and subordinated debt. In addition, the Company has no direct exposure to energy company equity or to borrowers with deep-water offshore exposure. Approximately 57 percent of the committed production loans are secured by properties primarily producing oil and 43 percent of the committed production loans are secured by properties primarily producing natural gas. Loans to midstream oil and gas companies totaled \$314 million at

September 30, 2017, an increase of \$36 million over June 30, 2017. Loans to borrowers that provide services to the energy industry totaled \$163 million at September 30, 2017, down \$15 million compared to the prior quarter. Loans to other energy borrowers, including those engaged in wholesale or retail energy sales, totaled \$52 million, a \$14 million increase over the prior quarter.

The services sector of the loan portfolio totaled \$3.0 billion or 17 percent of total loans and consists of a large number of loans to a variety of businesses, including governmental, educational services, consumer services, loans to entities providing services for real estate and construction and commercial services. Service sector loans increased by \$8.7 million over June 30, 2017. Loans to governmental entities totaled \$571 million at September 30, 2017. Approximately \$1.5 billion of the services category is made up of loans with individual balances of less than \$10 million. Service sector loans are generally secured by the assets of the borrower with repayment coming from the cash flows of ongoing operations of the customer's business.

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The healthcare sector of the loan portfolio totaled \$2.2 billion or 13% of total loans and consists primarily of loans for the development and operation of senior housing and care facilities, including independent living, assisted living and skilled nursing. Healthcare also includes loans to hospitals and other medical service providers.

We participate in shared national credits when appropriate to obtain or maintain business relationships with local customers. Shared national credits are defined by banking regulators as credits of more than \$20 million and with three or more non-affiliated banks as participants. At September 30, 2017, the outstanding principal balance of these loans totaled \$4.1 billion. Substantially all of these loans are to borrowers with local market relationships. We serve as the agent lender in approximately 17 percent of our shared national credits, based on dollars committed. We hold shared credits to the same standard of analysis and perform the same level of review as internally originated credits. Our lending policies generally avoid loans in which we do not have the opportunity to maintain or achieve other business relationships with the customer. In addition to management's quarterly assessment of credit risk, banking regulators annually review a sample of shared national credits for proper risk grading.

Commercial Real Estate

Commercial real estate represents loans for the construction of buildings or other improvements to real estate and property held by borrowers for investment purposes generally within our geographical footprint, with larger concentrations in Texas and Oklahoma which represent 35 percent and 13 percent of the total commercial real estate portfolio at September 30, 2017, respectively. We require collateral values in excess of the loan amounts, demonstrated cash flows in excess of expected debt service requirements, equity investment in the project and a portion of the project already sold, leased or permanent financing already secured. The expected cash flows from all significant new or renewed income producing property commitments are stress tested to reflect the risks in varying interest rates, vacancy rates and rental rates. As with commercial loans, inherent lending risks are centrally monitored on a continuous basis from underwriting throughout the life of the loan for compliance with applicable lending policies.

Commercial real estate loans totaled \$3.5 billion or 20 percent of the loan portfolio at September 30, 2017. The outstanding balance of commercial real estate loans decreased \$170 million during the third quarter of 2017 as borrowers continue to refinance loans in the permanent market. Loans secured by industrial properties decreased \$103 million. Loans secured by office buildings decreased \$66 million. Residential construction and land development loans and other commercial real estate loans also decreased compared to the prior quarter. These decreases were partially offset by a \$47 million increase in multifamily residential loans. The commercial real estate loan balance as a percentage of our total loan portfolio has ranged from 18 percent to 23 percent over the past five years.

The commercial real estate sector of our loan portfolio distributed by collateral location follows in Table 14.

Table 14 -- Commercial Real Estate Loans by Collateral Location
(In thousands)

	Oklahoma	Texas	New Mexico	Arkansas	Colorado	Arizona	Kansas/Missouri	Other	Total
Retail	\$68,768	\$291,284	\$103,151	\$6,419	\$31,647	\$27,583	\$19,923	\$177,090	\$725,865
Multifamily	115,182	485,063	19,464	25,930	48,855	56,321	111,260	136,934	999,009
Office	93,693	222,094	76,416	5,928	30,903	68,080	51,787	248,188	797,089
Industrial	97,399	154,007	23,161	—	10,151	10,245	47,044	249,073	591,080
Residential construction and land development	11,483	26,153	18,138	1,995	15,633	6,892	16,018	15,790	112,102

Other									
commercial real estate	61,464	38,617	14,645	3,301	14,397	24,480	28,311	107,782	292,997
Total									
commercial real estate loans	\$447,989	\$1,217,218	\$254,975	\$43,573	\$151,586	\$193,601	\$274,343	\$934,857	\$3,518,142

The Other category is primarily composed of Utah and California, which represent \$120 million or 3.4 percent and \$118 million or 3.3 percent of the commercial real estate portfolio, respectively. All other states represent less than 3% individually.

While recent changes nationally in consumer purchasing trends from brick-and-mortar stores to online has created concern with regards to retail lending, our credit quality remains very good. The portfolio is highly diversified with no material exposure to a single borrower or tenant.

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Based on Moody's U.S. Retail Industry Classifications, approximately 60 percent of \$726 million of outstanding retail commercial real estate loans have services-based tenants, which are considered less susceptible to online competition. Additionally, 61 percent of the \$718 million of outstanding retail loans included in our commercial wholesale/retail sector are service-based.

Residential Mortgage and Personal

Residential mortgage loans provide funds for our customers to purchase or refinance their primary residence or to borrow against the equity in their home. Residential mortgage loans are secured by a first or second-mortgage on the customer's primary residence. Personal loans consist primarily of loans to wealth management clients secured by the cash surrender value of insurance policies and marketable securities. It also includes direct loans secured by and for the purchase of automobiles, recreational and marine equipment as well as unsecured loans. Residential mortgage and personal loans are made in accordance with underwriting policies we believe to be conservative and are fully documented. Loans may be individually underwritten or credit scored based on size and other criteria. Credit scoring is assessed based on significant credit characteristics including credit history, residential and employment stability.

Residential mortgage loans totaled \$1.9 billion, largely unchanged compared to June 30, 2017. In general, we sell the majority of our conforming fixed rate loan originations in the secondary market and retain the majority of our non-conforming and adjustable-rate mortgage loans. We have no concentration in sub-prime residential mortgage loans. Our mortgage loan portfolio does not include payment option adjustable rate mortgage loans or adjustable rate mortgage loans with initial rates that are below market. Collateral for 96 percent of our residential mortgage loan portfolio is located within our geographical footprint.

The majority of our permanent mortgage loan portfolio is composed of various non-conforming mortgage programs to support customer relationships including jumbo mortgage loans, non-builder construction loans and special loan programs for high net worth individuals or certain professionals. Jumbo loans may be fixed or variable rate and are fully amortizing. The size of jumbo loans exceeds maximums set under government sponsored entity standards, but otherwise generally conform to those standards. These loans generally require a minimum FICO score of 720 and a maximum debt-to-income ratio ("DTI") of 38 percent. Loan-to-value ratios ("LTV") are tiered from 60 percent to 100 percent, depending on the market. Special mortgage programs include fixed and variable rate fully amortizing loans tailored to the needs of certain healthcare professionals. Variable rate loans are fully indexed at origination and may have fixed rates for three to ten years, then adjust annually thereafter.

At September 30, 2017, \$187 million of permanent residential mortgage loans are guaranteed by U.S. government agencies. We have minimal credit exposure on loans guaranteed by the agencies. This amount includes residential mortgage loans previously sold into GNMA mortgage pools that the Company may repurchase when certain defined delinquency criteria are met. Because of this repurchase right, the Company is deemed to have regained effective control over these loans and must include them on the Consolidated Balance Sheet. Permanent residential mortgage loans guaranteed by U.S. government agencies decreased \$4.4 million compared to June 30, 2017.

Home equity loans totaled \$744 million at September 30, 2017, a \$14 million decrease compared to June 30, 2017. Our home equity loan portfolio is primarily composed of first-lien, fully amortizing home equity loans. Home equity loans generally require a minimum FICO score of 700 and a maximum DTI of 50 percent. The maximum loan amount available for our home equity loan products is generally \$400 thousand. Revolving loans have a 10 year revolving period followed by a 15 year term of amortizing repayment. Interest-only home equity loans have a 5 year revolving period followed by a 15 year term of amortizing repayments and may not be extended for any additional revolving time. All other home equity loans may be extended at management's discretion for an additional 5 year revolving term subject to an update of certain credit information. A summary of our home equity loan portfolio at September 30, 2017 by lien position and amortizing status follows in Table 15.

Table 15 -- Home Equity Loans
(In thousands)

	Revolving	Amortizing	Total
First lien	\$ 71,921	\$ 406,132	\$ 478,053
Junior lien	140,791	125,571	266,362
Total home equity	\$ 212,712	\$ 531,703	\$ 744,415

Personal loans totaled \$947 million, a \$29 million increase over the prior quarter primarily due to growth in loans to wealth management customers for investment in businesses that will be repaid from personal income.

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The distribution of residential mortgage and personal loans at September 30, 2017 is as follows in Table 16. Residential mortgage loans are distributed by collateral location. Personal loans are generally distributed by borrower location.

Table 16 -- Residential Mortgage and Personal Loans by Collateral Location
(In thousands)

	Oklahoma	Texas	New Mexico	Arkansas	Colorado	Arizona	Kansas/Missouri	Other	Total
Residential mortgage:									
Permanent mortgage	\$ 178,762	\$ 420,529	\$ 46,567	\$ 12,765	\$ 168,312	\$ 93,812	\$ 52,951	\$ 40,267	\$ 1,013,965
Permanent mortgages guaranteed by U.S. government agencies	54,803	26,028	41,887	7,029	5,744	1,987	13,128	36,764	187,370
Home equity	387,021	134,753	95,537	5,098	38,346	9,100	71,904	2,656	744,415
Total residential mortgage	\$ 620,586	\$ 581,310	\$ 183,991	\$ 24,892	\$ 212,402	\$ 104,899	\$ 137,983	\$ 79,687	\$ 1,945,750
Personal	\$ 287,080	\$ 403,033	\$ 12,803	\$ 10,438	\$ 62,598	\$ 47,182	\$ 77,992	\$ 45,882	\$ 947,008

The Company secondarily evaluates loan portfolio performance based on the primary geographical market managing the loan. Loans attributed to a geographical market may not represent the location of the borrower or the collateral. All permanent mortgage loans serviced by our mortgage banking unit and held for investment by the Bank are centrally managed by the Bank of Oklahoma.

Table 17 -- Loans Managed by Primary Geographical Market
(In thousands)

	Sept. 30, 2017	June 30, 2017	Mar. 31, 2017	Dec. 31, 2016	Sept. 30, 2016
Bank of Oklahoma:					
Commercial	\$3,408,973	\$3,369,967	\$3,189,183	\$3,370,259	\$3,545,924
Commercial real estate	712,915	667,932	691,332	684,381	795,806
Residential mortgage	1,405,900	1,398,021	1,404,054	1,407,197	1,401,166
Personal	322,320	318,016	310,708	303,823	271,420
Total Bank of Oklahoma	5,850,108	5,753,936	5,595,277	5,765,660	6,014,316
Bank of Texas:					
Commercial	4,434,595	4,339,634	4,148,316	4,022,455	3,903,218
Commercial real estate	1,236,702	1,360,164	1,452,988	1,415,011	1,400,709
Residential mortgage	229,993	232,074	231,647	233,981	229,345
Personal	375,173	354,222	312,092	306,748	278,167
Total Bank of Texas	6,276,463	6,286,094	6,145,043	5,978,195	5,811,439
Bank of Albuquerque:					
Commercial	367,747	369,370	407,403	399,256	398,147
Commercial real estate	319,208	324,405	307,927	284,603	299,785
Residential mortgage	101,983	103,849	106,432	108,058	110,478
Personal	12,953	12,439	11,305	11,483	11,333
Total Bank of Albuquerque	801,891	810,063	833,067	803,400	819,743
Bank of Arkansas:					
Commercial	91,051	85,020	88,010	86,577	83,544
Commercial real estate	80,917	73,943	74,469	73,616	72,649
Residential mortgage	6,318	6,395	6,829	7,015	6,936
Personal	10,388	11,993	6,279	6,524	6,757
Total Bank of Arkansas	188,674	177,351	175,587	173,732	169,886
Colorado State Bank & Trust:					
Commercial	1,124,200	1,065,780	998,216	1,018,208	1,013,314
Commercial real estate	186,427	255,379	266,218	265,264	254,078
Residential mortgage	63,734	63,346	62,313	59,631	59,838
Personal	60,513	56,187	49,523	50,372	42,901
Total Colorado State Bank & Trust	1,434,874	1,440,692	1,376,270	1,393,475	1,370,131
Bank of Arizona:					
Commercial	634,809	617,759	643,222	686,253	680,447
Commercial real estate	706,188	705,858	737,088	747,409	726,542
Residential mortgage	40,730	37,034	36,737	36,265	39,206
Personal	55,050	55,528	51,386	52,553	31,205

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Total Bank of Arizona	1,436,777	1,416,179	1,468,433	1,522,480	1,477,400
Mobank (Kansas City):					
Commercial	734,559	790,425	852,760	807,816	495,569
Commercial real estate	275,785	300,911	341,041	338,762	244,029
Residential mortgage	97,092	98,479	98,262	97,685	25,824
Personal	110,611	109,515	106,166	108,455	36,449
Total Mobank (Kansas City)	1,218,047	1,299,330	1,398,229	1,352,718	801,871
Total BOK Financial loans	\$17,206,834	\$17,183,645	\$16,991,906	\$16,989,660	\$16,464,786

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Loan Commitments

We enter into certain off-balance sheet arrangements in the normal course of business. These arrangements included unfunded loan commitments, which totaled \$9.7 billion and standby letters of credit, which totaled \$666 million at September 30, 2017. Loan commitments may be unconditional obligations to provide financing or conditional obligations that depend on the borrower's financial condition, collateral value or other factors. Standby letters of credit are unconditional commitments to guarantee the performance of our customer to a third party. Since some of these commitments are expected to expire before being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Approximately \$55 thousand of the outstanding standby letters of credit were issued on behalf of customers whose loans are nonperforming at September 30, 2017.

Table 18 – Off-Balance Sheet Credit Commitments
(In thousands)

	Sept. 30, 2017	June 30, 2017	Mar. 31, 2017	Dec. 31, 2016	Sept. 30, 2016
Loan commitments	\$9,693,489	\$9,632,911	\$9,403,641	\$9,404,665	\$8,697,322
Standby letters of credit	665,513	614,852	595,746	585,472	499,990
Mortgage loans sold with recourse	128,681	133,896	134,631	139,486	139,306

We have off-balance sheet commitments related to certain residential mortgage loans originated under community development loan programs that were sold to a U.S. government agency with full recourse. These mortgage loans were underwritten to standards approved by the agencies, including full documentation and originated under programs available only for owner-occupied properties. The Company no longer sells residential mortgage loans with recourse. We are obligated to repurchase these loans for the life of these loans in the event of foreclosure for the unpaid principal and interest at the time of foreclosure. Substantially all of these loans are to borrowers in our primary markets including \$79 million to borrowers in Oklahoma, \$14 million to borrowers in Arkansas and \$12 million to borrowers in New Mexico. An accrual related to this off-balance sheet risk is included in Other liabilities in the consolidated balance sheets and totaled \$3.8 million at September 30, 2017 and \$3.9 million at June 30, 2017.

We also have an off-balance sheet obligation to repurchase residential mortgage loans sold to government sponsored entities through our mortgage banking activities due to standard representations and warranties made under contractual agreements and to service loans in accordance with investor guidelines. The Company has established accruals for losses related to these obligations that are included in Other liabilities in the Consolidated Balance Sheets and in Mortgage banking costs in the Consolidated Statements of Earnings.

For the period from 2010 through the third quarter of 2017 combined, approximately 18 percent of repurchase requests have currently resulted in actual repurchases or indemnification by the Company. The Company repurchased five loans from the agencies for \$1.2 million during the third quarter of 2017. There were four indemnifications on loans paid during the third quarter of 2017. Losses recognized on repurchases were insignificant.

A summary of unresolved deficiency requests from the agencies follows (in thousands, except for number of unresolved deficiency requests):

	September 30, 2017	2016
Number of unresolved deficiency requests	180	221
Aggregate outstanding principal balance subject to unresolved deficiency	\$ 8,899	\$ 15,750

requests

Unpaid principal

balance subject to
indemnification by the

5,206

5,399

Company

The accrual for potential loan repurchases under representations and warranties totaled \$1.4 million at September 30, 2017 and \$1.6 million at June 30, 2017.

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Customer Derivative Programs

We offer programs that permit our customers to hedge various risks, including fluctuations in energy, cattle and other agricultural product prices, interest rates and foreign exchange rates. Each of these programs work essentially the same way. Derivative contracts are executed between the customers and the Company. Offsetting contracts are executed between the Company and selected counterparties to minimize market risk due to changes in commodity prices, interest rates or foreign exchange rates. The counterparty contracts are identical to the customer contracts, except for a fixed pricing spread or a fee paid to us as compensation for administrative costs, credit risk and profit.

The customer derivative programs create credit risk for potential amounts due to the Company from our customers and from the counterparties. Customer credit risk is monitored through existing credit policies and procedures. The effects of changes in commodity prices, interest rates or foreign exchange rates are evaluated across a range of possible scenarios to determine the maximum exposure we are willing to have individually to any customer. Customers may also be required to provide cash margin or other collateral in conjunction with our credit agreements to further limit our credit risk.

Counterparty credit risk is evaluated through existing policies and procedures. This evaluation considers the total relationship between BOK Financial and each of the counterparties. Individual limits are established by management, approved by Credit Administration and reviewed by the Asset/Liability Committee. Margin collateral is required if the exposure between the Company and any counterparty exceeds established limits. Based on declines in the counterparties' credit ratings, these limits may be reduced and additional margin collateral may be required.

A deterioration of the credit standing of one or more of the customers or counterparties to these contracts may result in BOK Financial recognizing a loss as the fair value of the affected contracts may no longer move in tandem with the offsetting contracts. This occurs if the credit standing of the customer or counterparty deteriorated such that either the fair value of underlying collateral no longer supported the contract or the customer or the counterparty's ability to provide margin collateral was impaired. Credit losses on customer derivatives reduce brokerage and trading revenue in the Consolidated Statements of Earnings.

Derivative contracts are carried at fair value. At September 30, 2017, the net fair values of derivative contracts, before consideration of cash margin, reported as assets under these programs totaled \$322 million compared to \$265 million at June 30, 2017. At September 30, 2017, the fair value of our derivative contracts included \$250 million for foreign exchange contracts, \$29 million of to-be-announced residential mortgage-backed securities, \$27 million for interest rate swaps and \$10 million for energy contracts. The aggregate net fair value of derivative contracts, before consideration of cash margin, held under these programs reported as liabilities totaled \$312 million at September 30, 2017 and \$257 million at June 30, 2017.

At September 30, 2017, total derivative assets were reduced by \$4.0 million of cash collateral received from counterparties and total derivative liabilities were reduced by \$18 million of cash collateral paid to counterparties related to instruments executed with the same counterparty under a master netting agreement.

A table showing the notional and fair value of derivative assets and liabilities on both a gross and net basis is presented in Note 3 to the Consolidated Financial Statements.

The fair value of derivative contracts reported as assets under these programs, net of cash margin held by the Company, by category of debtor at September 30, 2017 follows in Table 19.

Table 19 -- Fair Value of Derivative Contracts
(In thousands)

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Banks and other financial institutions	\$163,232
Customers	132,215
Exchanges and clearing organizations	22,478
Fair value of customer risk management program asset derivative contracts, net	\$317,925

At September 30, 2017, our largest derivative exposure was to a financial institution for equity option derivative contracts which totaled \$3.8 million.

Our customer derivative program also introduces liquidity and capital risk. We are required to provide cash margin to certain counterparties when the net negative fair value of the contracts exceeds established limits. Also, changes in commodity prices

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affect the amount of regulatory capital we are required to hold as support for the fair value of our derivative assets. These risks are modeled as part of the management of these programs. Based on current prices, a decrease in market prices equivalent to \$27.71 per barrel of oil would increase the fair value of derivative assets by \$5.5 million. An increase in prices equivalent to \$77.25 per barrel of oil would increase the fair value of derivative assets by \$298 million as current prices move further away from the fixed prices embedded in our existing contracts. Liquidity requirements of this program may also be affected by our credit rating. At September 30, 2017, a decrease in our credit rating to below investment grade did not have a significant impact on our obligation to post cash margin on existing contracts. The fair value of our to-be-announced residential mortgage-backed securities and interest rate swap derivative contracts is affected by changes in interest rates. Based on our assessment as of September 30, 2017, changes in interest rates would not materially impact regulatory capital or liquidity needed to support this portion of our customer derivative program.

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Summary of Loan Loss Experience

We maintain an allowance for loan losses and an accrual for off-balance sheet credit risk. At September 30, 2017, the combined allowance for loan losses and off-balance sheet credit losses totaled \$253 million or 1.47 percent of outstanding loans and 117 percent of nonaccruing loans, excluding 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.

The provision for credit losses is the amount necessary to maintain the allowance for loan losses and an accrual for off-balance sheet credit risk at an amount determined by management to be appropriate based on its evaluation. The provision includes the combined charge to expense for both the allowance for loan losses and the accrual for off-balance sheet credit risk. All losses incurred from lending activities will ultimately be reflected in charge-offs against the allowance for loan losses following funds advanced against outstanding commitments. Based on an evaluation of all credit factors, including changes in nonaccruing and potential problem loans, overall loan growth and net charge-offs, the Company determined that no provision for credit losses was necessary in the third quarter of 2017 or the second quarter of 2017.

Table 20 -- Summary of Loan Loss Experience
(In thousands)

	Three Months Ended					
	Sept. 30, 2017	June 30, 2017	Mar. 31, 2017	Dec. 31, 2016	Sept. 30, 2016	
Allowance for loan losses:						
Beginning balance	\$250,061	\$248,710	\$246,159	\$245,103	\$243,259	
Loans charged off:						
Commercial	(4,429)	(1,703)	(424)	(81)	(6,266)	
Commercial real estate	—	(76)	—	—	—	
Residential mortgage	(168)	(40)	(236)	(208)	(285)	
Personal	(1,228)	(1,053)	(1,493)	(1,362)	(1,550)	
Total	(5,825)	(2,872)	(2,153)	(1,651)	(8,101)	
Recoveries of loans previously charged off:						
Commercial	1,014	283	1,182	839	177	
Commercial real estate	739	208	735	395	521	
Residential mortgage	134	169	228	986	650	
Personal	550	554	755	593	690	
Total	2,437	1,214	2,900	2,813	2,038	
Net loans recovered (charged off)	(3,388)	(1,658)	747	1,162	(6,063)	
Provision for loan losses	1,030	3,009	1,804	(106)	7,907	
Ending balance	\$247,703	\$250,061	\$248,710	\$246,159	\$245,103	
Accrual for off-balance sheet credit losses:						
Beginning balance	\$6,431	\$9,440	\$11,244	\$11,138	\$9,045	
Provision for off-balance sheet credit losses	(1,030)	(3,009)	(1,804)	106	2,093	
Ending balance	\$5,401	\$6,431	\$9,440	\$11,244	\$11,138	
Total combined provision for credit losses	\$—	\$—	\$—	\$—	\$10,000	
Allowance for loan losses to loans outstanding at period-end	1.44	% 1.46	% 1.46	% 1.45	% 1.49	%
Net charge-offs (recoveries) (annualized) to average loans	0.08	% 0.04	% (0.02)	% (0.03)	% 0.15	%
Total provision for credit losses (annualized) to average loans	—	% —	% —	% —	% 0.24	%
Recoveries to gross charge-offs	41.84	% 42.27	% 134.70	% 170.38	% 25.16	%
Accrual for off-balance sheet credit losses to off-balance sheet credit commitments	0.05	% 0.06	% 0.09	% 0.11	% 0.12	%
Combined allowance for credit losses to loans outstanding at period-end	1.47	% 1.49	% 1.52	% 1.52	% 1.56	%
Allowance for Loan Losses						

The appropriateness of the allowance for loan losses is assessed by management based on an ongoing quarterly evaluation of the probable estimated losses inherent in the portfolio. The allowance consists of specific allowances attributed to certain impaired loans, general allowances based on estimated loss rates by loan class and non-specific allowances based on general economic conditions, concentration in loans with large balances and other relevant factors.

Loans are considered to be impaired when it is probable that we will not collect all amounts due according to the contractual terms of the loan agreement. This includes all nonaccruing loans, all loans modified in troubled debt restructurings and all government guaranteed loans repurchased from GNMA pools. A specific allowance is required when the outstanding principal balance of the loan is not supported by either the discounted cash flows expected to be received from the borrower or the fair value of collateral for collateral dependent loans. At September 30, 2017, impaired loans totaled \$404 million, including \$90 million with specific allowances of \$13 million and \$315 million with no specific allowances. At June 30, 2017, impaired loans totaled \$428 million, including \$73 million of impaired loans with specific allowances of \$9.7 million and \$355 million with no specific allowances.

Risk grading guidelines in the Office of the Comptroller of the Currency ("OCC") Oil and Gas Lending Handbook updated at the beginning of 2016, heavily weight the ability to repay total borrower debt, regardless of collateral position. This change in grading methodology has increased loans especially mentioned, potential problem loans and nonaccrual loans. Because substantially all of our energy portfolio is supported by senior lien positions that, in general, have substantially lower loss exposure, the historical relationship between loan classification and loss exposure may be more difficult to correlate. The most recently completed energy portfolio redetermination supported that \$45 million of impaired energy loans required no allowance for credit losses based on the adequacy of collateral and \$66 million of impaired loans with a \$4.9 million allowance for credit losses. In addition, \$53 million of impaired energy loans are current on all payments due.

General allowances for unimpaired loans are based on an estimated loss rate by loan class. Estimated loss rates for risk-graded loans are either increased or decreased based on changes in risk grading for each loan class. Estimated loss rates for both risk-graded and non-risk graded loans may be further adjusted for inherent risk identified for the given loan class which have not yet been captured in the loss rate.

The aggregate amount of general allowances for all unimpaired loans totaled \$206 million at September 30, 2017, a decrease of \$6.7 million compared to June 30, 2017. The general allowance attributed to the commercial loan segment decreased \$4.5 million and the general allowance attributed to the commercial real estate loan segment decreased \$2.2 million.

Nonspecific allowances are maintained for risks beyond factors specific to a particular portfolio segment or loan class. These factors include trends in the economy in our primary lending areas, concentrations in loans with large balances and other relevant factors. Nonspecific allowances totaled \$28 million at September 30, 2017, an increase of \$704 thousand over June 30, 2017. The nonspecific allowance includes consideration of the indirect impact of the prolonged low energy price environment on the broader economies within our geographical footprint that are highly dependent on the energy industry and the impact of the recent hurricane on borrowers in the Houston market.

An allocation of the allowance for loan losses by portfolio segment is included in Note 4 to the Consolidated Financial Statements.

Our loan monitoring process also identified certain accruing substandard loans that possess more than the normal amount of risk due to deterioration in the financial condition of the borrower or the value of the collateral. Because the borrowers are still performing in accordance with the original terms of the loan agreements, and no loss of principal or interest is anticipated, these loans were not included in nonperforming assets. Known information does, however, cause management concern as to the borrowers' ability to comply with current repayment terms. These potential problem loans totaled \$285 million at September 30, 2017 and were primarily composed of \$207 million or 7 percent of energy loans, \$33 million or 1 percent of healthcare sector loans and \$17 million or 3 percent of manufacturing sector loans. Potential problem loans totaled \$327 million at June 30, 2017.

Based on regulatory guidelines, other loans especially mentioned are in compliance with the original terms of the agreement but may have a weakness that deserves management's close attention. Other loans especially mentioned totaled \$198 million at September 30, 2017 and were composed primarily of \$114 million or 4 percent of outstanding energy loans, \$32 million or 1 percent of outstanding healthcare loans and \$26 million or less than 1 percent of outstanding services loans. Other loans especially mentioned totaled \$199 million at June 30, 2017.

We updated our semi-annual energy loan portfolio stress test at June 30, 2017 to estimate how the energy portfolio may respond in a prolonged low-price environment. Stress test assumptions include a starting price of \$2.00 per million BTUs for natural gas and \$35.87 per barrel of oil, gradually escalating over twelve to fifteen years to a maximum of \$3.00 and \$55.00, respectively. The portion of the combined allowance for credit losses attributable to the energy portfolio totaled 2.41 percent of outstanding energy loans at September 30, 2017, compared to 2.84 percent of outstanding energy loans at June 30, 2017.

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Net Loans Charged Off

Loans are charged off against the allowance for loan losses when the loan balance or a portion of the loan balance is no longer covered by the paying capacity of the borrower based on an evaluation of available cash resources and collateral value. Internally risk graded loans are evaluated quarterly and charge-offs are taken in the quarter in which the loss is identified. Non-risk graded loans are generally charged off when payments are between 60 days and 180 days past due, depending on loan class. In addition, non-risk graded loans are generally charged-down to collateral value within 60 days of being notified of a borrower's bankruptcy filing, regardless of payment status.

BOK Financial 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 second quarter of 2017 and net loans charged off of \$6.1 million in the third quarter of 2016. The ratio of net loans charged off to average loans on an annualized basis was 0.08 percent for the third quarter of 2017, compared with 0.04 percent for the second quarter of 2017 and 0.15 percent for the third quarter of 2016.

Net charge-offs of commercial loans were \$3.4 million in the third quarter of 2017, primarily due to \$4.3 million of charge-offs related to two energy borrowers. Commercial loans had net charge-offs of \$1.4 million in the second quarter of 2017 primarily due to a single healthcare borrower. Net commercial real estate loan recoveries were \$739 thousand in the third quarter of 2017, compared to net recoveries of \$132 thousand in the second quarter of 2017. Net charge-offs of residential mortgage loans were \$34 thousand and net charge-offs of personal loans were \$678 thousand for the third quarter. Personal loan net charge-offs include deposit account overdraft losses.

Nonperforming Assets

Table 21 -- Nonperforming Assets
(In thousands)

	Sept. 30, 2017	June 30, 2017	Mar. 31, 2017	Dec. 31, 2016	Sept. 30, 2016
Nonaccruing loans:					
Commercial	\$ 176,900	\$ 197,157	\$ 156,825	\$ 178,953	\$ 176,464
Commercial real estate	2,975	3,775	4,475	5,521	7,350
Residential mortgage	45,506	44,235	46,081	46,220	52,452
Personal	255	272	235	290	686
Total nonaccruing loans	225,636	245,439	207,616	230,984	236,952
Accruing renegotiated loans guaranteed by U.S. government agencies	69,440	80,624	83,577	81,370	80,306
Real estate and other repossessed assets	32,535	39,436	42,726	44,287	31,941
Total nonperforming assets	\$ 327,611	\$ 365,499	\$ 333,919	\$ 356,641	\$ 349,199
Total nonperforming assets excluding those guaranteed by U.S. government agencies	\$ 249,280	\$ 275,823	\$ 240,234	\$ 263,425	\$ 253,461
Nonaccruing loans by loan portfolio segment and class:					
Commercial:					
Energy	\$ 110,683	\$ 123,992	\$ 110,425	\$ 132,499	\$ 142,966
Services	1,174	7,754	7,713	8,173	8,477
Wholesale / retail	1,893	10,620	11,090	11,407	2,453
Manufacturing	9,059	9,656	5,907	4,931	274
Healthcare	24,446	24,505	909	825	855
Other commercial and industrial	29,645	20,630	20,781	21,118	21,439
Total commercial	176,900	197,157	156,825	178,953	176,464
Commercial real estate:					
Residential construction and land development	1,924	2,051	2,616	3,433	3,739
Retail	289	301	314	326	1,249
Office	275	396	413	426	882
Multifamily	—	10	24	38	51
Industrial	—	—	76	76	76
Other commercial real estate	487	1,017	1,032	1,222	1,353
Total commercial real estate	2,975	3,775	4,475	5,521	7,350
Residential mortgage:					
Permanent mortgage	24,623	23,415	24,188	22,855	25,956
Permanent mortgage guaranteed by U.S. government agencies	8,891	9,052	10,108	11,846	15,432
Home equity	11,992	11,768	11,785	11,519	11,064
Total residential mortgage	45,506	44,235	46,081	46,220	52,452
Personal	255	272	235	290	686
Total nonaccruing loans	\$ 225,636	\$ 245,439	\$ 207,616	\$ 230,984	\$ 236,952

	Sept. 30, 2017	June 30, 2017	Mar. 31, 2017	Dec. 31, 2016	Sept. 30, 2016	
Nonaccruing loans as % of outstanding balance for class:						
Commercial:						
Energy	3.86 %	4.35 %	4.35 %	5.30 %	5.67 %	
Services	0.04 %	0.26 %	0.26 %	0.26 %	0.29 %	
Wholesale / retail	0.11 %	0.69 %	0.74 %	0.72 %	0.15 %	
Manufacturing	1.74 %	1.77 %	1.09 %	0.96 %	0.05 %	
Healthcare	1.09 %	1.10 %	0.04 %	0.04 %	0.04 %	
Other commercial and industrial	5.46 %	3.96 %	4.50 %	4.31 %	4.50 %	
Total commercial	1.64 %	1.85 %	1.52 %	1.72 %	1.74 %	
Commercial real estate:						
Residential construction and land development	1.72 %	1.45 %	1.92 %	2.53 %	2.34 %	
Retail	0.04 %	0.04 %	0.04 %	0.04 %	0.16 %	
Office	0.03 %	0.05 %	0.05 %	0.05 %	0.12 %	
Multifamily	— %	— %	— %	— %	0.01 %	
Industrial	— %	— %	0.01 %	0.01 %	0.01 %	
Other commercial real estate	0.17 %	0.32 %	0.31 %	0.36 %	0.37 %	
Total commercial real estate	0.08 %	0.10 %	0.12 %	0.14 %	0.19 %	
Residential mortgage:						
Permanent mortgage	2.43 %	2.37 %	2.47 %	2.27 %	2.68 %	
Permanent mortgage guaranteed by U.S. government agencies	4.75 %	4.72 %	4.95 %	5.94 %	8.11 %	
Home equity	1.61 %	1.55 %	1.54 %	1.55 %	1.55 %	
Total residential mortgage	2.34 %	2.28 %	2.37 %	2.37 %	2.80 %	
Personal	0.03 %	0.03 %	0.03 %	0.03 %	0.10 %	
Total nonaccruing loans	1.31 %	1.43 %	1.22 %	1.36 %	1.44 %	
Ratios:						
Allowance for loan losses to nonaccruing loans ¹	114.28 %	105.78 %	125.92 %	112.73 %	110.65 %	
Accruing loans 90 days or more past due ¹	\$253	\$1,414	\$95	\$5	\$3,839	

¹ Excludes residential mortgages guaranteed by agencies of the U.S. Government.

Nonperforming assets totaled \$328 million or 1.90 percent of outstanding loans and repossessed assets at September 30, 2017. Nonaccruing loans totaled \$226 million, accruing renegotiated residential mortgage loans totaled \$69 million and real estate and other repossessed assets totaled \$33 million. All accruing renegotiated residential mortgage loans and \$8.9 million of nonaccruing loans are guaranteed by U.S. government agencies. Excluding assets guaranteed by U.S. government agencies, nonperforming assets decreased \$27 million compared to the third quarter primarily due to a decrease in nonaccruing energy loans. The Company generally retains nonperforming assets to maximize potential recovery, which may cause future nonperforming assets to decrease more slowly.

Loans are generally classified as nonaccruing when it becomes probable that we will not collect the full contractual principal and interest. As more fully discussed in Note 4 to the Consolidated Financial Statements, we may modify loans in troubled debt restructurings. Modifications may include extension of payment terms and rate concessions. We generally do not forgive principal or accrued but unpaid interest. All loans modified in troubled debt restructurings, except for residential mortgage loans guaranteed by U.S. government agencies, are classified as nonaccruing. We may also renew matured nonaccruing loans. All nonaccruing loans, including those renewed or modified in troubled debt restructurings, are charged off when the loan balance is no longer covered by the paying capacity of the borrower based on a quarterly evaluation of available cash resources and collateral value. All nonaccruing loans generally remain on nonaccrual status until full collection of principal and interest in accordance with the original terms, including principal previously charged off, is probable. We generally do not voluntarily modify personal loans to troubled borrowers. Personal loans modified at the direction of bankruptcy court orders are identified as troubled debt restructurings and classified as nonaccruing.

Renegotiated loans consist solely of accruing residential mortgage loans guaranteed by U.S. government agencies that have been modified in troubled debt restructurings. See Note 4 to the Consolidated Financial Statements for additional discussion of troubled debt restructurings. Generally, we modify residential mortgage loans primarily by reducing interest rates and extending the number of payments in accordance with U.S. government agency guidelines. Generally, no unpaid principal or interest is forgiven. Interest continues to accrue based on the modified terms of the loan. Modified loans guaranteed by U.S. government agencies under residential mortgage loan programs may be sold once they become eligible according to U.S. government agency guidelines.

A rollforward of nonperforming assets for the three and nine months ended September 30, 2017 follows in Table 22.

Table 22 -- Rollforward of Nonperforming Assets
(In thousands)

	Three Months Ended September 30, 2017			Total Nonperforming Assets
	Nonaccruing Loans	Renegotiated Loans	Real Estate and Other Repossessed Assets	
Balance, June 30, 2017	\$245,439	\$ 80,624	\$ 39,436	\$ 365,499
Additions	24,366	11,329	—	35,695
Transfers from premises and equipment	—	—	—	—
Payments	(34,686)	(760)	—	(35,446)
Charge-offs	(5,825)	—	—	(5,825)
Net gains, losses and write-downs	—	—	(3,810)	(3,810)
Foreclosure of nonperforming loans	(2,600)	—	2,600	—
Foreclosure of loans guaranteed by U.S. government agencies	(1,221)	(930)	—	(2,151)
Proceeds from sales	—	(21,053)	(5,210)	(26,263)
Net transfers to nonaccruing loans	136	(136)	—	—
Return to accrual status	—	—	—	—
Other, net	27	366	(481)	(88)
Balance, September 30, 2017	\$225,636	\$ 69,440	\$ 32,535	\$ 327,611

	Nine Months Ended September 30, 2017			Total Nonperforming Assets
	Nonaccruing Loans	Renegotiated Loans	Real Estate and Other Reposessed Assets	
Balance, December 31, 2016	\$230,984	\$ 81,370	\$ 44,287	\$ 356,641
Additions	106,098	37,683	—	143,781
Transfers from premises and equipment	—	—	452	452
Payments	(84,848)	(2,546)	—	(87,394)
Charge-offs	(10,850)	—	—	(10,850)
Net gains, losses and write-downs	—	—	(2,206)	(2,206)
Foreclosure of nonperforming loans	(4,197)	—	4,197	—
Foreclosure of loans guaranteed by U.S. government agencies	(5,201)	(5,220)	—	(10,421)
Proceeds from sales	—	(42,459)	(12,912)	(55,371)
Net transfers to nonaccruing loans	136	(136)	—	—
Return to accrual status	(6,556)	—	—	(6,556)
Other, net	70	748	(1,283)	(465)
Balance, September 30, 2017	\$225,636	\$ 69,440	\$ 32,535	\$ 327,611

We foreclose on loans guaranteed by U.S. government agencies in accordance with agency guidelines. Generally these loans are not eligible for modification programs or have failed to comply with modified loan terms. Principal is guaranteed by agencies of the U.S. government, subject to limitations and credit risk is minimal. These properties will be conveyed to the agencies once applicable criteria have been met.

Commercial

Nonaccruing commercial loans totaled \$177 million or 1.64 percent of total commercial loans at September 30, 2017 and \$197 million or 1.85 percent of commercial loans at June 30, 2017. There were \$15 million in newly identified nonaccruing commercial loans during the quarter, offset by \$31 million in payments and \$4.4 million of charge-offs. Newly identified nonaccruing commercial loans were primarily other commercial & industrial loans and energy loans.

Nonaccruing commercial loans at September 30, 2017 were primarily composed of \$111 million or 3.86 percent of total energy loans, \$30 million or 5.46 percent of total other commercial and industrial sector loans and \$24 million or 1.09 percent of total healthcare sector loans.

Commercial Real Estate

Nonaccruing commercial real estate loans totaled \$3.0 million or 0.08 percent of outstanding commercial real estate loans at September 30, 2017, down from \$3.8 million or 0.10 percent of outstanding commercial real estate loans at June 30, 2017. Newly identified nonaccruing commercial real estate loans of \$2.0 million were offset by \$1.7 million of cash payments received and \$1.1 million foreclosures. There were no charge-offs of nonaccruing commercial real estate loans during the third quarter.

Nonaccruing commercial real estate loans were primarily composed of \$1.9 million or 1.72 percent of residential construction and land development loans.

Residential Mortgage and Personal

Nonaccruing residential mortgage loans totaled \$46 million or 2.34 percent of outstanding residential mortgage loans at September 30, 2017, a \$1.3 million increase over June 30, 2017. Newly identified nonaccruing residential mortgage loans totaling \$5.7 million were partially offset by \$2.8 million of foreclosures, \$1.7 million of payments and \$168 thousand of loans charged off during the quarter.

Nonaccruing residential mortgage loans primarily consist of non-guaranteed permanent residential mortgage loans, which totaled \$25 million or 2.43 percent of outstanding non-guaranteed permanent residential mortgage loans at September 30, 2017. Nonaccruing home equity loans totaled \$12 million or 1.61 percent of total home equity loans.

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Payments of accruing residential mortgage loans and personal loans may be delinquent. The composition of residential mortgage loans and personal loans past due but still accruing is included in the following Table 23. Substantially all non-guaranteed residential loans past due 90 days or more are nonaccruing. Residential mortgage loans 30 to 59 days past due increased \$3.2 million in the third quarter to \$6.8 million at September 30, 2017. Residential mortgage loans 60 to 89 days past due decreased by \$489 thousand. Personal loans past due 30 to 59 days increased by \$2.8 million and personal loans 60 to 89 days decreased \$208 thousand.

Table 23 -- Residential Mortgage and Personal Loans Past Due
(In thousands)

	September 30, 2017			June 30, 2017		
	90 Days or More	60 to 89 Days	30 to 59 Days	90 Days or More	60 to 89 Days	30 to 59 Days
Residential mortgage:						
Permanent mortgage ¹	\$—	\$454	\$3,705	\$132	\$1,026	\$2,024
Home equity	28	445	3,066	—	362	1,564
Total residential mortgage	\$28	\$899	\$6,771	132	\$1,388	\$3,588
Personal	\$8	\$81	\$3,296	\$—	\$289	\$487

¹ Excludes past due residential mortgage loans guaranteed by agencies of the U.S. government.

Real Estate and Other Repossessed Assets

Real estate and other repossessed assets are assets acquired in partial or total forgiveness of loans. The assets are carried at the lower of cost as determined by fair value at the date of foreclosure or current fair value, less estimated selling costs.

Real estate and other repossessed assets totaled \$33 million at September 30, 2017, a decrease of \$6.9 million compared to June 30, 2017. The distribution of real estate and other repossessed assets attributed by geographical market is included in Table 24 following.

Table 24 -- Real Estate and Other Repossessed Assets by Collateral Location
(In thousands)

	Oklahoma	Texas	Colorado	Arkansas	New Mexico	Arizona	Kansas/ Missouri	Other	Total
1-4 family residential properties	\$ 2,735	\$ 882	\$ —	\$ 418	\$ 1,185	\$ 692	\$ 160	\$ 358	\$ 6,430
Developed commercial real estate properties	71	—	1,116	—	—	207	—	—	1,394
Undeveloped land	1,116	1,215	—	—	1,057	135	1,197	—	4,720
Residential land development properties	101	—	—	—	—	102	1	—	204
Oil and gas properties	5,645	13,060	—	—	—	—	1,075	—	19,780
Other	7	—	—	—	—	—	—	—	7
Total real estate and other repossessed assets	\$ 9,675	\$ 15,157	\$ 1,116	\$ 418	\$ 2,242	\$ 1,136	\$ 2,433	\$ 358	\$ 32,535

Undeveloped land is primarily zoned for commercial development. Developed commercial real estate properties are primarily completed with no additional construction necessary for sale.

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Liquidity and Capital

Subsidiary Bank

Deposits and borrowed funds are the primary sources of liquidity for BOKF, NA, the wholly owned subsidiary bank of BOK Financial. Based on the average balances for the third quarter of 2017, approximately 67 percent of our funding was provided by deposit accounts, 20 percent from borrowed funds, less than 1 percent is from long-term subordinated debt and 11 percent from equity. Our funding sources, which primarily include deposits and borrowings from the Federal Home Loan Banks and other banks, provide adequate liquidity to meet our operating needs.

Deposit accounts represent our largest funding source. We compete for retail and commercial deposits by offering a broad range of products and services and focusing on customer convenience. Retail deposit growth is supported through personal and small business checking, online bill paying services, mobile banking services, an extensive network of branch locations and ATMs and our Express Bank call center. Commercial deposit growth is supported by offering treasury management and lockbox services. We also acquire brokered deposits when the cost of funds is advantageous to other funding sources.

Average deposits for the third quarter of 2017 totaled \$22.1 billion, largely unchanged compared to the second quarter of 2017. Demand deposit balances grew by \$51 million during the third quarter of 2017 partially offset by a decrease in time deposits of \$28 million.

Table 25 - Average Deposits by Line of Business

(In thousands)

	Three Months Ended				
	Sept. 30, 2017	June 30, 2017	Mar. 31, 2017	Dec. 31, 2016	Sept. 30, 2016
Commercial Banking	\$8,683,331	\$8,652,811	\$8,631,724	\$8,543,532	\$8,317,341
Consumer Banking	6,707,859	6,662,838	6,581,446	6,659,380	6,660,514
Wealth Management	5,495,250	5,531,091	5,582,554	5,333,095	4,913,409
Subtotal	20,886,440	20,846,740	20,795,724	20,536,007	19,891,264
Funds Management and other	1,232,881	1,245,591	1,573,698	1,167,409	873,750
Total	\$22,119,321	\$22,092,331	\$22,369,422	\$21,703,416	\$20,765,014

Average Commercial Banking deposit balances were largely unchanged compared to the second quarter of 2017. The average balance of interest-bearing transaction accounts increased \$60 million, partially offset by a \$26 million decrease in demand deposits. Average deposit balances attributed to commercial and industrial customers decreased by \$145 million, offset by a \$114 million increase in balances attributed to energy customers and a \$45 million increase in average balances attributed to commercial real estate customers. Commercial customers continue to retain large cash reserves primarily due to a combination of factors including uncertainty about the economic environment and potential for growth, lack of preferable liquid alternatives and a desire to minimize deposit service charges through the earnings credit. The earnings credit is a non-cash method that enables commercial customers to offset deposit service charges based on account balances. Commercial deposit balances may decrease once the economic outlook improves and customers deploy cash or short-term market interest rates rise and related earnings credit rates rise, reducing the amount of deposits required to offset service charges.

Average Consumer Banking deposit balances increased by \$45 million. Demand deposit balances grew by \$51 million, partially offset by a \$17 million decrease in time deposit balances. Interest-bearing transaction and savings account balances were also up slightly over the prior quarter.

Average Wealth Management deposits decreased \$36 million compared to the second quarter of 2017. A \$68 million decrease in interest-bearing transaction account balances was partially offset by a \$39 million increase in demand deposit balances.

Average deposits attributed to Funds Management and Other decreased \$13 million.

Average time deposits for the third quarter of 2017 included \$602 million of brokered deposits, an increase of \$12 million over the second quarter of 2017. Average interest-bearing transaction accounts for the third quarter included \$1.4 billion of brokered deposits, an increase of \$26 million over the second quarter of 2017.

The distribution of our period end deposit account balances among principal markets follows in Table 26.

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Table 26 -- Period End Deposits by Principal Market Area
(In thousands)

	Sept. 30, 2017	June 30, 2017	Mar. 31, 2017	Dec. 31, 2016	Sept. 30, 2016
Bank of Oklahoma:					
Demand	\$4,061,612	\$4,353,421	\$4,320,666	\$3,993,170	\$4,158,273
Interest-bearing:					
Transaction	5,909,259	5,998,787	6,114,288	6,345,536	5,701,983
Savings	265,023	263,664	265,014	241,696	242,959
Time	1,131,547	1,170,014	1,189,144	1,118,355	1,091,464
Total interest-bearing	7,305,829	7,432,465	7,568,446	7,705,587	7,036,406
Total Bank of Oklahoma	11,367,441	11,785,886	11,889,112	11,698,757	11,194,679
Bank of Texas:					
Demand	3,094,184	3,121,890	3,091,258	3,137,009	2,734,981
Interest-bearing:					
Transaction	2,272,987	2,272,185	2,317,576	2,388,812	2,240,040
Savings	93,400	91,491	89,640	83,101	84,642
Time	521,072	502,128	511,037	535,642	528,380
Total interest-bearing	2,887,459	2,865,804	2,918,253	3,007,555	2,853,062
Total Bank of Texas	5,981,643	5,987,694	6,009,511	6,144,564	5,588,043
Bank of Albuquerque:					
Demand	659,793	612,117	593,117	627,979	584,681
Interest-bearing:					
Transaction	551,884	558,523	623,677	590,571	555,326
Savings	53,532	54,136	53,683	49,963	54,480
Time	224,773	229,616	233,506	238,408	244,706
Total interest-bearing	830,189	842,275	910,866	878,942	854,512
Total Bank of Albuquerque	1,489,982	1,454,392	1,503,983	1,506,921	1,439,193
Bank of Arkansas:					
Demand	31,442	40,511	42,622	26,389	32,203
Interest-bearing:					
Transaction	126,746	129,848	106,804	105,232	313,480
Savings	1,876	2,135	2,304	2,192	2,051
Time	14,434	14,876	15,067	16,696	17,534
Total interest-bearing	143,056	146,859	124,175	124,120	333,065
Total Bank of Arkansas	174,498	187,370	166,797	150,509	365,268
Colorado State Bank & Trust:					
Demand	540,300	577,617	601,778	576,000	517,063
Interest-bearing:					
Transaction	628,807	626,343	610,510	616,679	623,055
Savings	34,776	35,651	37,801	32,866	31,613
Time	231,927	228,458	234,740	242,782	247,667
Total interest-bearing	895,510	890,452	883,051	892,327	902,335
Total Colorado State Bank & Trust	1,435,810	1,468,069	1,484,829	1,468,327	1,419,398

	Sept. 30, 2017	June 30, 2017	Mar. 31, 2017	Dec. 31, 2016	Sept. 30, 2016
Bank of Arizona:					
Demand	335,740	366,866	342,854	366,755	418,718
Interest-bearing:					
Transaction	174,010	154,457	180,254	305,099	303,750
Savings	4,105	3,638	3,858	2,973	2,959
Time	20,831	19,911	26,112	27,765	27,935
Total interest-bearing	198,946	178,006	210,224	335,837	334,644
Total Bank of Arizona	534,686	544,872	553,078	702,592	753,362
Mobank (Kansas City):					
Demand	462,410	496,473	514,278	508,418	235,445
Interest-bearing:					
Transaction	361,391	346,996	406,105	513,176	86,526
Savings	12,513	13,603	13,424	12,679	1,645
Time	27,705	31,119	34,242	42,152	11,945
Total interest-bearing	401,609	391,718	453,771	568,007	100,116
Total Mobank (Kansas City)	864,019	888,191	968,049	1,076,425	335,561
Total BOK Financial deposits	\$21,848,079	\$22,316,474	\$22,575,359	\$22,748,095	\$21,095,504

In addition to deposits, liquidity is provided primarily by federal funds purchased, securities repurchase agreements and Federal Home Loan Bank borrowings. Federal funds purchased consist primarily of unsecured, overnight funds acquired from other financial institutions. Funds are primarily purchased from bankers' banks and Federal Home Loan banks from across the country. The largest single source of wholesale federal funds purchased totaled \$13 million at September 30, 2017. Securities repurchase agreements generally mature within 90 days and are secured by certain available for sale securities. Federal Home Loan Bank borrowings are generally short term and are secured by a blanket pledge of eligible collateral (generally unencumbered U.S. Treasury and agency mortgage-backed securities, 1-4 family residential mortgage loans, multifamily and other qualifying commercial real estate loans). Amounts borrowed from the Federal Home Loan Bank of Topeka averaged \$6.1 billion during the quarter, up from \$5.5 billion in the second quarter of 2017.

At September 30, 2017, the estimated unused credit available to BOKF, NA from collateralized sources was approximately \$6.1 billion.

A summary of other borrowings for BOK Financial on a consolidated basis follows in Table 27.

Table 27 -- Borrowed Funds
(In thousands)

	Three Months Ended September 30, 2017				Three Months Ended June 30, 2017			
	Sept. 30, 2017	Average Balance During the Quarter	Rate	Maximum Outstanding At Any Month End During the Quarter	June 30, 2017	Average Balance During the Quarter	Rate	Maximum Outstanding At Any Month End During the Quarter
Parent Company and Other Non-Bank Subsidiaries:								
Trust preferred debt	\$—	\$—	— %	\$—	\$—	\$6,084	3.49 %	\$ 7,217
Other	3,103	947	11.23 %	\$ 3,104	878	867	11.06 %	881
Total other borrowings	3,103	947	11.23 %		878	6,951	5.14 %	
Subordinated debentures	144,668	144,663	5.68 %	\$ 144,668	144,658	144,654	5.55 %	144,658
Total parent company and other non-bank subsidiaries	147,771	145,610	5.83 %		145,536	151,605	5.53 %	
BOKF, NA:								
Funds purchased	62,356	49,774	0.92 %	62,356	67,990	63,263	0.61 %	67,990
Repurchase agreements	328,189	361,512	0.15 %	381,340	396,333	427,353	0.06 %	489,814
Other borrowings:								
Federal Home Loan Bank advances	6,200,000	6,127,174	1.27 %	6,200,000	5,200,000	5,532,967	1.07 %	5,600,000
GNMA repurchase liability	22,705	19,083	4.55 %	22,908	16,056	16,734	4.65 %	17,693
Other	15,467	15,437	2.38 %	15,467	15,409	15,379	2.40 %	15,409
Total other borrowings	6,238,172	6,161,694	1.29 %		5,231,465	5,565,080	1.09 %	
Total BOKF, NA	6,628,717	6,572,980	1.22 %		5,695,788	6,055,696	1.01 %	
Total other borrowed funds and subordinated debentures	\$6,776,488	\$6,718,590	1.32 %		\$5,841,324	\$6,207,301	1.12 %	

BOKF, NA also has a liability related to the repurchase of certain delinquent residential mortgage loans previously sold in GNMA mortgage pools. Interest is payable monthly at rates contractually due to investors.

Parent Company

At September 30, 2017, cash and interest-bearing cash and cash equivalents held by the parent company totaled \$162 million. The primary sources of liquidity for BOK Financial are cash on hand and dividends from BOKF, NA. Dividends from the bank are limited by various banking regulations to net profits, as defined, for the year plus retained profits for the two preceding years. Dividends are further restricted by minimum capital requirements. At September 30, 2017, based upon the most restrictive limitations as well as management's internal capital policy, the bank could declare up to \$343 million of dividends without regulatory approval. Dividend constraints may be alleviated through increases in retained earnings, capital issuances or changes in risk weighted assets. Future losses or increases in required regulatory capital at the bank could affect its ability to pay dividends to the parent company.

Our equity capital at September 30, 2017 was \$3.5 billion, an increase of \$66 million over June 30, 2017. Net income less cash dividends paid increased equity \$57 million during the third quarter of 2017. Capital is managed to maximize long-term value to the shareholders. Factors considered in managing capital include projections of future earnings, asset growth and acquisition strategies, and regulatory and debt covenant requirements. Capital management may include subordinated debt or perpetual preferred stock issuance, share repurchase and stock and cash dividends.

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On October 27, 2015, the board of directors authorized the Company to purchase up to five million common shares, subject to market conditions, securities law and other regulatory compliance limitations. As of September 30, 2017, a cumulative total of 2,879,243 shares have been repurchased under this authorization. No shares were repurchased in the third quarter of 2017.

BOK Financial and BOKF, NA are subject to various capital requirements administered by federal agencies. Failure to meet minimum capital requirements can result in certain mandatory and possibly additional discretionary actions by regulators that could have a material impact on operations. These capital requirements include quantitative measures of assets, liabilities and off-balance sheet items. The capital standards are also subject to qualitative judgments by the regulators.

Effective January 1, 2015 for BOK Financial, regulatory capital rules establish a 7 percent threshold for the common equity Tier 1 ratio consisting of a minimum level plus capital conservation buffer. The Company has elected to exclude unrealized gains and losses from available for sale securities from its calculation of Tier 1 capital, consistent with the treatment under previous capital rules.

A summary of minimum capital requirements, including capital conservation buffer follows in Table 28. A bank which falls below these levels, including the capital conservation buffer, would be subject to regulatory restrictions on capital distributions (including but not limited to dividends and share repurchases) and executive bonus payments.

The capital ratios for BOK Financial on a consolidated basis are presented in Table 28.

Table 28 -- Capital Ratios

	Minimum Capital Requirement	Capital Conservation Buffer	Minimum Capital Requirement Including Capital Conservation Buffer	Sept. 30, 2017	June 30, 2017	Sept. 30, 2016
Risk-based capital:						
Common equity Tier 1	4.50	% 2.50	% 7.00	11.90%	11.76%	11.99%
Tier 1 capital	6.00	% 2.50	% 8.50	11.90%	11.76%	11.99%
Total capital	8.00	% 2.50	% 10.50	13.47%	13.36%	13.65%
Tier 1 Leverage	4.00	% N/A	% 4.00	9.30 %	9.27 %	9.06 %
Average total equity to average assets				10.56%	10.53%	10.39%
Tangible common equity ratio				9.23 %	9.24 %	9.19 %

Capital resources of financial institutions are also regularly measured by the tangible common shareholders' equity ratio. Tangible common shareholders' equity is shareholders' equity as defined by generally accepted accounting principles in the United States of America ("GAAP") less intangible assets and equity which does not benefit common shareholders. Equity that does not benefit common shareholders includes preferred equity. This non-GAAP measure is a valuable indicator of a financial institution's capital strength since it eliminates intangible assets from shareholders' equity and retains the effect of unrealized losses on securities and other components of accumulated other comprehensive income in shareholders' equity.

Table 29 provides a reconciliation of the non-GAAP measures with financial measures defined by GAAP.

Table 29 -- Non-GAAP Measure
(Dollars in thousands)

	Sept. 30, 2017	June 30, 2017	Mar. 31, 2017	Dec. 31, 2016	Sept. 30, 2016	
Tangible common equity ratio:						
Total shareholders' equity	\$3,488,814	\$3,422,469	\$3,341,744	\$3,274,854	\$3,398,311	
Less: Goodwill and intangible assets, net	485,710	487,452	488,294	495,830	424,716	
Tangible common equity	3,003,104	2,935,017	2,853,450	2,779,024	2,973,595	
Total assets	33,005,515	32,263,532	32,628,932	32,772,281	32,779,231	
Less: Goodwill and intangible assets, net	485,710	487,452	488,294	495,830	424,716	
Tangible assets	\$32,519,805	\$31,776,080	\$32,140,638	\$32,276,451	\$32,354,515	
Tangible common equity ratio	9.23	% 9.24	% 8.88	% 8.61	% 9.19	%

Off-Balance Sheet Arrangements

See Note 7 to the Consolidated Financial Statements for a discussion of the Company's significant off-balance sheet commitments.

Market Risk

Market risk is a broad term for the risk of economic loss due to adverse changes in the fair value of a financial instrument. These changes may be the result of various factors, including interest rates, foreign exchange rates, commodity prices or equity prices. Financial instruments that are subject to market risk can be classified either as held for trading or held for purposes other than trading. Market risk excludes changes in fair value due to credit of the individual issuers of financial instruments.

BOK Financial is subject to market risk primarily through the effect of changes in interest rates on both its assets held for purposes other than trading and trading assets. The effects of other changes, such as foreign exchange rates, commodity prices or equity prices do not pose significant market risk to BOK Financial. BOK Financial has no material investments in assets that are affected by changes in foreign exchange rates or equity prices. Energy and agricultural product derivative contracts, which are affected by changes in commodity prices, are matched against offsetting contracts as previously discussed.

The Asset/Liability Committee is responsible for managing market risk in accordance with policy limits established by the Board of Directors. The Committee monitors projected variation in net interest revenue, net income and economic value of equity due to specified changes in interest rates. These limits also set maximum levels for short-term borrowings, short-term assets, public funds and brokered deposits and establish minimum levels for un-pledged assets, among other things. Further, the Board approved market risk limits for fixed income trading, mortgage pipeline and mortgage servicing assets inclusive of economic hedge benefits. Exposure is measured daily and compliance is reviewed monthly. Deviations from the Board approved limits, which periodically occur throughout the reporting period, may require management to develop and execute plans to reduce exposure. These plans are subject to escalation to and approval by the Board.

The simulations used to manage market risk are based on numerous assumptions regarding the effects of changes in interest rates on the timing and extent of repricing characteristics, future cash flows and customer behavior. These assumptions are inherently uncertain and, as a result, models cannot precisely estimate or precisely predict the impact of higher or lower interest rates. Actual results will differ from simulated results due to timing, magnitude and frequency of interest rate changes, market conditions and management strategies, among other factors.

Interest Rate Risk – Other than Trading

As previously noted in the Net Interest Revenue section of this report, management has implemented strategies to manage the Company's balance sheet to have relatively limited exposure to changes in interest rates over a twelve-month period. The effectiveness of these strategies in managing the overall interest rate risk is evaluated through the use of an asset/liability model. BOK Financial performs a sensitivity analysis to identify more dynamic interest rate risk exposures, including embedded option positions, on net interest revenue. A simulation model is used to estimate the effect of changes in interest rates on our performance across multiple interest rate scenarios. Our current internal policy limit for net interest revenue variation due to a 200 basis point parallel change in market interest rates over twelve months is a maximum decline of 5%. The results of a 200 basis point decrease in interest rates in the current low-rate environment are not meaningful. Until such time as it becomes meaningful, we will instead report the effect of a 50 basis point decrease in interest rates.

The Company's primary interest rate exposures include the Federal Funds rate, which affects short-term borrowings, and the prime lending rate and LIBOR, which are the basis for much of the variable rate loan pricing. Additionally, residential mortgage rates directly affect the prepayment speeds for residential mortgage-backed securities and mortgage servicing rights. Derivative financial instruments and other financial instruments used for purposes other than trading are included in this simulation. In addition, the impact on the level and composition of demand deposit accounts and other core deposit balances resulting from a significant increase in short-term market interest rates and the overall interest rate environment is likely to be material. The simulation incorporates assumptions regarding the effects of such changes based on a combination of historical analysis and expected behavior. The impact of planned growth and new business activities is factored into the simulation model.

Table 30 -- Interest Rate Sensitivity
(Dollars in thousands)

	200 bp Increase		50 bp Decrease	
	September 30,		September 30,	
	2017	2016	2017	2016
Anticipated impact over the next twelve months on net interest revenue	\$652	\$551	\$(18,117)	\$(25,147)
	0.08 %	0.07 %	(2.10)%	(3.22)%

BOK Financial is also subjected to market risk through changes in the fair value of mortgage servicing rights. Changes in the fair value of mortgage servicing rights are highly dependent on changes in primary mortgage rates offered to borrowers, intermediate-term interest rates that affect the value of custodial funds, and assumptions about servicing revenues, servicing costs and discount rates. As primary mortgage rates increase, prepayment speeds slow and the value of our mortgage servicing rights increases. As primary mortgage rates fall, prepayment speeds increase and the value of our mortgage servicing rights decreases.

We maintain a portfolio of financial instruments, which may include debt securities issued by the U.S. government or its agencies and interest rate derivative contracts held as an economic hedge of the changes in the fair value of our mortgage servicing rights. Composition of this portfolio will change based on our assessment of market risk. Changes in the fair value of residential mortgage-backed securities are highly dependent on changes in secondary mortgage rates required by investors, and interest rate derivative contracts are highly dependent on changes in other market interest rates. While primary and secondary mortgage rates generally move in the same direction, the spread between them may widen and narrow due to market conditions and government intervention. Changes in the forward-looking spread between the primary and secondary rates can cause significant earnings volatility.

Management performs a stress test to measure market risk due to changes in interest rates inherent in its MSR portfolio and hedges. The stress test shocks applicable interest rates up and down 50 basis points and calculates an

estimated change in fair value, net of economic hedging activity, that may result. The Board has approved a \$20 million market risk limit for mortgage servicing rights, net of economic hedges.

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Table 31 -- MSR Asset and Hedge Sensitivity Analysis
(Dollars in thousands)

	September 30, 2017		2016	
	Up 50 bp	Down 50 bp	Up 50 bp	Down 50 bp
MSR Asset	\$26,449	\$(33,561)	\$30,597	\$(52,609)
MSR Hedge	(32,790)	29,132	(37,529)	34,948
Net Exposure	(6,341)	(4,429)	(6,932)	(17,661)

Trading Activities

The Company bears market risk by originating residential mortgages held for sale (RMHFS). RMHFS are generally outstanding for 60 to 90 days, which represents the typical period from commitment to originate a loan to sale of the closed loan to an investor. Primary mortgage interest rate changes during this period affect the value of RMHFS commitments and loans. We use forward sale contracts to mitigate market risk on all closed mortgage loans held for sale and on an estimate of mortgage loan commitments that are expected to result in closed loans.

A variety of methods are used to monitor market risk of mortgage origination activities. These methods include daily marking of all positions to market value, independent verification of inventory pricing, and revenue sensitivity limits.

Management performs a stress test to measure market risk due to changes in interest rates inherent in the mortgage production pipeline. The stress test shocks applicable interest rates up and down 50 basis points and calculates an estimated change in fair value, net of economic hedging activity that may result. The Board has approved a \$7 million market risk limit for the mortgage production pipeline, net of forward sale contracts.

Table 32 -- Mortgage Pipeline Sensitivity Analysis
(Dollars in thousands)

	Three Months Ended September 30, 2017				Nine Months Ended September 30, 2016			
	Up 50 bp	Down 50 bp	Up 50 bp	Down 50 bp	Up 50 bp	Down 50 bp	Up 50 bp	Down 50 bp
Average ¹	\$(167)	\$(881)	\$(590)	\$(449)	\$21	\$(1,172)	\$(2,778)	\$(542)
Low ²	1,314	187	930	1,055	1,314	187	930	1,815
High ³	(1,533)	(1,993)	(2,563)	(2,030)	(1,553)	(2,377)	(6,858)	(2,953)
Period End	(744)	(374)	(76)	360	(744)	(374)	(76)	360

¹ Average represents the simple average of each daily value observed during the reporting period.

² Low represents least risk of loss in fair value measured as the smallest negative value or the largest positive value observed daily during the reporting period.

³ High represents the greatest risk of loss in fair value measured as the largest negative value or the smallest positive value observed daily during the reporting period.

BOK Financial enters into trading activities both as an intermediary for customers and for its own account. As an intermediary, we take positions in securities, generally residential mortgage-backed securities, government agency securities and municipal bonds. These securities are purchased for resale to customers, which include individuals, corporations, foundations and financial institutions. On a limited basis, we may also take trading positions in U.S. Treasury securities, residential mortgage-backed securities, and municipal bonds to enhance returns on securities

portfolios. Both of these activities involve interest rate, liquidity and price risk. BOK Financial has an insignificant exposure to foreign exchange risk and does not take positions in commodity derivatives.

A variety of methods are used to monitor the interest rate risk of trading activities. These methods include daily marking of all positions to market value, independent verification of inventory pricing, and position limits for each trading activity. Economic hedges in either the futures or cash markets may be used to reduce the risk associated with some trading programs.

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Management performs a stress test to measure market risk from changes in interest rates on its trading portfolio. The stress test shocks applicable interest rates up and down 50 basis points and calculates an estimated change in fair value, net of economic hedging activity that may result. The Board has approved an \$8 million market risk limit for the trading portfolio, net of economic hedges.

Table 33 -- Trading Sensitivity Analysis
(Dollars in thousands)

	Three Months Ended				Nine Months Ended			
	September 30, 2017		2016		September 30, 2017		2016	
	Up 50 bp	Down 50 bp	Up 50 bp	Down 50 bp	Up 50 bp	Down 50 bp	Up 50 bp	Down 50 bp
Average ¹	\$(1,152)	\$1,171	\$(3,541)	\$3,756	\$(1,711)	\$1,884	\$(3,172)	\$3,070
Low ²	328	3,509	(954)	7,013	328	5,210	146	7,013
High ³	(3,404)	(486)	(6,130)	430	(4,386)	(486)	(6,130)	(107)
Period End	(1,395)	945	(1,718)	2,469	(1,395)	945	(1,718)	2,469

¹ Average represents the simple average of each daily value observed during the reporting period.

² Low represents least risk of loss in fair value measured as the smallest negative value or the largest positive value observed daily during the reporting period.

³ High represents the greatest risk of loss in fair value measured as the largest negative value or the smallest positive value observed daily during the reporting period.

Controls and Procedures

As required by Rule 13a-15(b), BOK Financial's management, including the Chief Executive Officer and Chief Financial Officer, conducted an evaluation as of the end of the period covered by their report, of the effectiveness of the Company's disclosure controls and procedures as defined in Exchange Act Rule 13a-15(e). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective as of the end of the period covered by this report. As required by Rule 13a-15(d), BOK Financial's management, including the Chief Executive Officer and Chief Financial Officer, also conducted an evaluation of the Company's internal controls over financial reporting to determine whether any changes occurred during the quarter covered by this report that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting. Based on that evaluation, there has been no such change during the quarter covered by this report.

Forward-Looking Statements

This report 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 in general. Words such as "anticipates," "believes," "estimates," "expects," "forecasts," "plans," "projects," "will," "intends," "various" 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 that BOK Financial has not independently verified. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that 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 expressed, 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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Consolidated Statements of Earnings (Unaudited)
(In thousands, except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Interest revenue				
Loans	\$184,200	\$146,840	\$514,047	\$427,512
Residential mortgage loans held for sale	2,095	3,615	6,317	9,823
Trading securities	3,975	2,996	12,497	4,136
Investment securities	3,951	4,132	12,127	12,736
Available for sale securities	44,925	43,042	131,660	132,381
Fair value option securities	5,066	1,531	10,985	6,182
Restricted equity securities	4,826	4,510	13,534	12,684
Interest-bearing cash and cash equivalents	6,375	2,651	15,817	7,926
Total interest revenue	255,413	209,317	716,984	613,380
Interest expense				
Deposits	14,530	9,812	38,506	30,351
Borrowed funds	20,361	9,191	47,542	25,943
Subordinated debentures	2,070	2,468	6,098	4,056
Total interest expense	36,961	21,471	92,146	60,350
Net interest revenue	218,452	187,846	624,838	553,030
Provision for credit losses	—	10,000	—	65,000
Net interest revenue after provision for credit losses	218,452	177,846	624,838	488,030
Other operating revenue				
Brokerage and trading revenue	33,169	38,006	98,556	109,877
Transaction card revenue	37,826	33,933	105,249	101,237
Fiduciary and asset management revenue	40,687	34,073	121,126	100,942
Deposit service charges and fees	23,209	23,668	69,593	68,828
Mortgage banking revenue	24,890	38,516	80,357	105,500
Other revenue	13,670	13,080	40,406	38,336
Total fees and commissions	173,451	181,276	515,287	524,720
Other gains, net	(1,283)	) 2,442	8,452	5,309
Gain on derivatives, net	1,033	2,226	3,824	20,130
Gain (loss) on fair value option securities, net	661	(3,355)	) 1,505	10,367
Change in fair value of mortgage servicing rights	(639)	) 2,327	(5,726)	) (41,944)
Gain on available for sale securities, net	2,487	2,394	4,916	11,684
Total other operating revenue	175,710	187,310	528,258	530,266
Other operating expense				
Personnel	147,910	139,212	428,079	411,987
Business promotion	7,105	6,839	21,560	19,238
Professional fees and services	11,887	14,038	35,723	39,955
Net occupancy and equipment	21,325	20,111	64,074	58,554
Insurance	6,005	9,390	13,098	23,784
Data processing and communications	37,327	33,331	108,559	98,150
Printing, postage and supplies	3,917	3,790	11,908	11,586
Net losses (gains) and operating expenses of repossessed assets	6,071	(926)	) 9,347	1,732
Amortization of intangible assets	1,744	1,521	5,349	5,304
Mortgage banking costs	13,450	15,963	38,525	44,039
Other expense	9,193	14,819	25,308	37,714
Total other operating expense	265,934	258,088	761,530	752,043

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Net income before taxes	128,228	107,068	391,566	266,253
Federal and state income taxes	42,438	31,956	128,246	83,881
Net income	85,790	75,112	263,320	182,372
Net income (loss) attributable to non-controlling interests	141	835	1,168	(270)
Net income attributable to BOK Financial Corporation shareholders	\$85,649	\$74,277	\$262,152	\$182,642
Earnings per share:				
Basic	\$1.31	\$1.13	\$4.01	\$2.77
Diluted	\$1.31	\$1.13	\$4.00	\$2.76
Average shares used in computation:				
Basic	64,742,822	65,085,392	64,729,391	65,208,774
Diluted	64,805,172	65,157,841	64,793,893	65,263,566
Dividends declared per share	\$0.44	\$0.43	\$1.32	\$1.29

See accompanying notes to consolidated financial statements.

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Consolidated Statements of Comprehensive Income (Unaudited)

(In thousands, except share and per share data)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Net income	\$85,790	\$75,112	\$263,320	\$182,372
Other comprehensive income (loss) before income taxes:				
Net change in unrealized gain (loss)	512	(33,458)	33,881	133,108
Reclassification adjustments included in earnings:				
Interest revenue, Investment securities, Taxable securities	—	—	—	(112)
Gain on available for sale securities, net	(2,487)	(2,394)	(4,916)	(11,684)
Other comprehensive income (loss) before income taxes	(1,975)	(35,852)	28,965	121,312
Federal and state income taxes	(768)	(13,947)	11,241	47,172
Other comprehensive income (loss), net of income taxes	(1,207)	(21,905)	17,724	74,140
Comprehensive income	84,583	53,207	281,044	256,512
Comprehensive income (loss) attributable to non-controlling interests	141	835	1,168	(270)
Comprehensive income attributable to BOK Financial Corp. shareholders	\$84,442	\$52,372	\$279,876	\$256,782

See accompanying notes to consolidated financial statements.

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Consolidated Balance Sheets

(In thousands, except share data)

	Sept. 30, 2017 (Unaudited)	Dec. 31, 2016 (Footnote 1)	Sept. 30, 2016 (Unaudited)
Assets			
Cash and due from banks	\$547,203	\$620,846	\$535,916
Interest-bearing cash and cash equivalents	1,926,779	1,916,651	2,080,978
Trading securities	614,117	337,628	546,615
Investment securities (fair value: September 30, 2017 – \$489,895; December 31, 2016 – \$565,493 ; September 30, 2016 – \$580,310)	466,562	546,145	546,457
Available for sale securities	8,383,199	8,676,829	8,862,283
Fair value option securities	819,531	77,046	222,409
Restricted equity securities	347,542	307,240	333,391
Residential mortgage loans held for sale	275,643	301,897	447,592
Loans	17,206,834	16,989,660	16,464,786
Allowance for loan losses	(247,703)	(246,159)	(245,103)
Loans, net of allowance	16,959,131	16,743,501	16,219,683
Premises and equipment, net	320,060	325,849	318,196
Receivables	314,251	772,952	650,368
Goodwill	446,697	448,899	382,739
Intangible assets, net	39,013	46,931	41,977
Mortgage servicing rights	245,858	247,073	203,621
Real estate and other repossessed assets, net of allowance (September 30, 2017 – \$11,738; December 31, 2016 – \$9,562; September 30, 2016 – \$9,524)	32,535	44,287	31,941
Derivative contracts, net	352,559	689,872	655,078
Cash surrender value of bank-owned life insurance	314,201	308,430	310,211
Receivable on unsettled securities sales	230,225	7,188	19,642
Other assets	370,409	353,017	370,134
Total assets	\$33,005,515	\$32,772,281	\$32,779,231
Liabilities and Equity			
Liabilities:			
Noninterest-bearing demand deposits	\$9,185,481	\$9,235,720	\$8,681,364
Interest-bearing deposits:			
Transaction	10,025,084	10,865,105	9,824,160
Savings	465,225	425,470	420,349
Time	2,172,289	2,221,800	2,169,631
Total deposits	21,848,079	22,748,095	21,095,504
Funds purchased	62,356	57,929	109,031
Repurchase agreements	328,189	668,661	504,573
Other borrowings	6,241,275	4,846,072	6,533,443
Subordinated debentures	144,668	144,640	144,631
Accrued interest, taxes and expense	152,029	146,704	191,276
Derivative contracts, net	336,327	664,531	573,987
Due on unsettled securities purchases	160,781	6,508	677
Other liabilities	217,372	182,784	193,698
Total liabilities	29,491,076	29,465,924	29,346,820

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Shareholders' equity:

Common stock (\$.00006 par value; 2,500,000,000 shares authorized; shares issued and outstanding: September 30, 2017 – 75,129,535; December 31, 2016 – 74,993,407; September 30, 2016 – 74,866,429)	4	4	4
Capital surplus	1,028,489	1,006,535	995,680
Retained earnings	2,999,005	2,823,334	2,801,931
Treasury stock (shares at cost: September 30, 2017 – 9,672,749; December 31, 2016 – 9,655,975; September 30, 2016 – 8,955,975)	(545,441	) (544,052	) (495,031
Accumulated other comprehensive income (loss)	6,757	(10,967	) 95,727
Total shareholders' equity	3,488,814	3,274,854	3,398,311
Non-controlling interests	25,625	31,503	34,100
Total equity	3,514,439	3,306,357	3,432,411
Total liabilities and equity	\$33,005,515	\$32,772,281	\$32,779,231

See accompanying notes to consolidated financial statements.

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Consolidated Statements of Changes in Equity (Unaudited)

(In thousands)

	Common Stock Shares	Capital Surplus Amount	Retained Earnings	Treasury Stock Shares	Treasury Stock Amount	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity	Non- Controlling Interests	Total Equity
Balance, December 31, 2015	74,530	\$4 \$982,009	\$2,704,121	8,636	\$(477,165)	\$21,587	\$3,230,556	\$37,083	\$3,267,639
Net income (loss)	—	—	182,642	—	—	—	182,642	(270)	182,372
Other comprehensive income	—	—	—	—	—	74,140	74,140	—	74,140
Repurchase of common stock	—	—	—	305	(17,771)	—	(17,771)	—	(17,771)
Share-based compensation plans:									
Stock options exercised	108	— 5,513	—	—	—	—	5,513	—	5,513
Non-vested shares awarded, net	228	—	—	—	—	—	—	—	—
Vesting of non-vested shares	—	—	—	15	(95)	—	(95)	—	(95)
Tax effect from equity compensation, net	—	— 589	—	—	—	—	589	—	589
Share-based compensation	—	— 7,569	—	—	—	—	7,569	—	7,569
Cash dividends on common stock	—	—	(84,832)	—	—	—	(84,832)	—	(84,832)
Capital calls and distributions, net	—	—	—	—	—	—	—	(2,713)	(2,713)
Balance, September 30, 2016	74,866	\$4 \$995,680	\$2,801,931	8,956	\$(495,031)	\$95,727	\$3,398,311	\$34,100	\$3,432,411
Balance, December 31,	74,993	\$4 \$1,006,535	\$2,823,334	9,656	\$(544,052)	\$(10,967)	\$3,274,854	\$31,503	\$3,306,357

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2016										
Net income (loss)	—	—	—	262,152	—	—	—	262,152	1,168	263,320
Other comprehensive income	—	—	—	—	—	—	17,724	17,724	—	17,724
Share-based compensation plans:										
Stock options exercised	80	—	4,564	—	—	—	—	4,564	—	4,564
Non-vested shares awarded, net	57	—	—	—	—	—	—	—	—	—
Vesting of non-vested shares	—	—	—	—	17	(1,389)	—	(1,389)	—	(1,389)
Share-based compensation	—	—	17,390	—	—	—	—	17,390	—	17,390
Cash dividends on common stock	—	—	—	(86,481)	—	—	—	(86,481)	—	(86,481)
Capital calls and distributions, net	—	—	—	—	—	—	—	—	(7,046)	(7,046)
Balance, September 30, 2017	75,130	\$4	\$1,028,489	\$2,999,005	9,673	\$(545,441)	\$6,757	\$3,488,814	\$25,625	\$3,514,439

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows (Unaudited)
(in thousands)

	Nine Months Ended September 30,	
	2017	2016
Cash Flows From Operating Activities:		
Net income	\$263,320	\$182,372
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Provision for credit losses	—	65,000
Change in fair value of mortgage servicing rights due to market changes	5,726	41,944
Change in the fair value of mortgage servicing rights due to loan runoff	24,928	29,385
Net unrealized gains from derivative contracts	(3,937)	(9,755)
Share-based compensation	17,390	7,569
Depreciation and amortization	39,154	35,158
Net amortization of securities discounts and premiums	22,149	31,373
Net realized gains on financial instruments and other net gains	(1,930)	(13,663)
Net gain on mortgage loans held for sale	(35,778)	(61,775)
Mortgage loans originated for sale	(2,446,793)	(4,927,442)
Proceeds from sale of mortgage loans held for sale	2,503,759	4,855,682
Capitalized mortgage servicing rights	(29,439)	(56,345)
Change in trading and fair value option securities	(1,019,906)	(204,030)
Change in receivables	459,480	(483,836)
Change in other assets	(18,991)	(17,931)
Change in accrued interest, taxes and expense	(99)	27,780
Change in other liabilities	43,767	7,262
Net cash provided by (used in) operating activities	(177,200)	(491,252)
Cash Flows From Investing Activities:		
Proceeds from maturities or redemptions of investment securities	94,243	65,104
Proceeds from maturities or redemptions of available for sale securities	1,345,575	1,120,917
Purchases of investment securities	(18,802)	(18,599)
Purchases of available for sale securities	(2,001,160)	(1,860,287)
Proceeds from sales of available for sale securities	966,044	1,027,379
Change in amount receivable on unsettled securities transactions	(223,037)	20,551
Loans originated, net of principal collected	(156,404)	(551,351)
Net payments on derivative asset contracts	334,709	(79,512)
Acquisitions, net of cash acquired	—	(7,700)
Proceeds from disposition of assets	162,793	131,761
Purchases of assets	(170,937)	(159,263)
Net cash provided by (used in) investing activities	333,024	(311,000)
Cash Flows From Financing Activities:		
Net change in demand deposits, transaction deposits and savings accounts	(850,505)	243,779
Net change in time deposits	(49,511)	(236,433)
Net change in other borrowed funds	957,859	1,015,822
Repayment of subordinated debentures	—	(226,550)
Issuance of subordinated debentures	—	145,331
Net proceeds on derivative liability contracts	(339,566)	76,144
Net change in derivative margin accounts	(8,583)	(129,141)
Change in amount due on unsettled security transactions	154,273	(16,220)
Issuance of common and treasury stock, net	3,175	5,418

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Repurchase of common stock	—	(17,771)
Dividends paid	(86,481)	(84,832)
Net cash provided by (used in) financing activities	(219,339)	775,547
Net increase (decrease) in cash and cash equivalents	(63,515)	(26,705)
Cash and cash equivalents at beginning of period	2,537,497	2,643,599
Cash and cash equivalents at end of period	\$2,473,982	\$2,616,894

Supplemental Cash Flow Information:

Cash paid for interest	\$89,901	\$61,522
Cash paid for taxes	\$95,967	\$43,096
Net loans and bank premises transferred to repossessed real estate and other assets	\$4,649	\$20,580
Residential mortgage loans guaranteed by U.S. government agencies that became eligible for repurchase during the period	\$101,299	\$79,710
Conveyance of other real estate owned guaranteed by U.S. government agencies	\$32,033	\$50,855
See accompanying notes to consolidated financial statements.		

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Notes to Consolidated Financial Statements (Unaudited)

(1) Significant Accounting Policies

Basis of Presentation

The accompanying unaudited consolidated financial statements of BOK Financial Corporation (“BOK Financial” or “the Company”) have been prepared in accordance with accounting principles for interim financial information generally accepted in the United States and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

The unaudited consolidated financial statements include accounts of BOK Financial and its subsidiaries, principally BOKF, NA (“the Bank”), BOK Financial Securities, Inc., The Milestone Group, Inc. and Cavanal Hill Investment Management Inc. Operating divisions of the Bank include Bank of Albuquerque, Bank of Arizona, Bank of Arkansas, Bank of Oklahoma, Bank of Texas, Colorado State Bank and Trust, Mobank, BOK Financial Mortgage and the TransFund electronic funds network.

Certain reclassifications have been made to conform to the current period presentation.

The financial information should be read in conjunction with BOK Financial’s 2016 Form 10-K filed with the Securities and Exchange Commission, which contains audited financial statements. Amounts presented as of December 31, 2016 have been derived from the audited financial statements included in BOK Financial’s 2016 Form 10-K but do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. Operating results for the nine-month period ended September 30, 2017 are not necessarily indicative of the results that may be expected for the year ending December 31, 2017.

Newly Adopted and Pending Accounting Policies

Financial Accounting Standards Board (“FASB”)

FASB Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (“ASU 2014-09”)

On May 28, 2014, the FASB issued ASU 2014-09 to clarify the principles for recognizing revenue by providing a more robust framework that will give greater consistency and comparability in revenue recognition practices. In the new framework, an entity recognizes revenue in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods or services. The new model requires the identification of performance obligations included in contracts with customers, a determination of the transaction price and an allocation of the price to those performance obligations. The entity recognizes revenue when performance obligations are satisfied. ASU 2014-09 is effective for the Company for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Net interest revenue from financial assets and liabilities is explicitly excluded from the scope of ASU 2014-09. Management expects that there will be no material impact on the timing of revenue recognized as our current revenue recognition policies generally conform with the principals in the standard. Management will adopt the standard in the first quarter of 2018 with a cumulative effect adjustment to opening retained earnings if such adjustment is significant. Currently, we do not anticipate any significant adjustments.

FASB Accounting Standards Update No. 2016-08, Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net) (“ASU 2016-08”)

On March 17, 2016, the FASB Issued ASU 2016-08 to amend the principal versus agent implementation guidance in ASU 2014-09. The ASU clarifies that an entity should evaluate whether it is the principal or the agent for each specified good or service promised in a contract with a customer. ASU 2016-08 is effective for the Company for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Management expects that interchange fees paid to issuing banks for card transactions processed related to its merchant processing services currently included in data processing and communication expense, will be netted against the amounts charged to the merchant in transaction card processing revenue. For 2016, interchange fees related to merchant processing services were approximately \$27 million.

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FASB Accounting Standards Update No. 2016-01, Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities ("ASU 2016-01")

On January 5, 2016, the FASB issued ASU 2016-01 over the recognition and measurement of financial assets and liabilities. The update requires equity investments, in general, to be measured at fair value with changes in fair value recognized in earnings. It also eliminates the requirement to disclose the methods and significant assumptions used to estimate the fair value for financial instruments measured at amortized cost, requires entities to use the exit price notion when measuring fair value, requires an entity to present separately in other comprehensive income the portion of the total change in fair value of a liability resulting from a change in the instrument-specific credit risk when the fair value option has been elected, requires separate presentation of financial assets and liabilities by measurement category and form on the balance sheet or accompanying notes, clarifies that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale securities in combination with the entity's other deferred tax assets, and simplifies the impairment assessment of equity investments without readily determinable fair values. The ASU is effective for the Company for interim and annual periods beginning after December 15, 2017. Upon adoption, unrealized gains and losses from equity securities will be reclassified from other comprehensive income to retained earnings. At September 30, 2017, the Company had \$2.2 million of net unrealized gains included in accumulated other comprehensive income.

FASB Accounting Standards Update No. 2016-02, Leases (Topic 842) ("ASU 2016-02")

On February 25, 2016, the FASB issued ASU 2016-02 to increase transparency and comparability by recognizing lease assets and liabilities on the balance sheet and disclosing key information about leasing arrangements. Lessees will be required to recognize an obligation for future lease payments measured on a discounted basis and a right-of-use asset. The ASU is effective for the Company for interim and annual periods beginning after December 15, 2018 and requires transition through a modified retrospective approach for leases existing at or entered into after January 1, 2017. The Company is evaluating the impact the adoption of ASU 2016-02 will have on the Company's financial statements.

FASB Accounting Standards Update No. 2016-09, Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting ("ASU 2016-09")

On March 30, 2016, the FASB issued ASU 2016-09 to simplify multiple aspects of accounting for employee share-based payment transactions including accounting for income taxes, forfeitures, and statutory tax withholding requirements. The ASU became effective for annual reporting periods beginning after December 15, 2016, including interim periods within those annual reporting periods. Implementation of ASU 2016-09 decreased tax expense \$2.5 million in the first nine months of 2017.

FASB Accounting Standards Update No. 2016-13, Financial Instruments - Credit Losses (Topic 326): Assets Measured at Amortized Cost ("ASU 2016-13")

On June 16, 2016, the FASB issued ASU 2016-13 in order to provide more timely recording of credit losses on loans and other financial instruments. The ASU adds an impairment model (known as the current expected credit loss ("CECL") model) that is based on expected credit losses rather than incurred credit losses. It requires measurement of all expected credit losses for financial assets carried at amortized cost, including loans and investment securities, based on historical experience, current conditions, and reasonable and supportable forecasts. ASU 2016-13 also changes the recognition of other-than-temporary impairment of available for sale securities to an allowance methodology from a direct write-down methodology. ASU 2016-13 will be effective for the Company for annual reporting periods beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted for annual reporting periods beginning after December 15, 2018. ASU 2016-13 will be applied

through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective. The Company is evaluating the impact the adoption of ASU 2016-13 will have on the Company's financial statements.

FASB Accounting Standards Update No. 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments ("ASU 2016-15")

On August 26, 2016, the FASB issued ASU 2016-15, which amends guidance in ASC 230 on the classification of certain cash receipts and payments in the statement of cash flows. The amendments address eight cash flow issues. ASU 2016-15 is effective for the Company for interim and annual reporting periods beginning after December 15, 2017. Entities generally must apply the guidance retrospectively to all periods presented. Adoption of ASU 2016-15 is not expected to have a material impact on the Company's financial statements.

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FASB Accounting Standards Update No. 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities ("ASU 2017-12")

On August 28, 2017, the FASB issued ASU 2017-12, which amends the hedge accounting recognition and presentation requirements in ASC815 in order to improve transparency and understandability of information and reduce the complexity. The update expands the types of transactions eligible for hedge accounting, eliminates the requirement to separately measure and present hedge ineffectiveness, simplifies hedge effectiveness assessments and updates documentation and presentation requirements. ASU 2017-12 is effective for the Company for fiscal years beginning after December 15, 2018, and interim periods therein; however, early adoption is permitted. The Company is evaluating the impact the adoption of ASU 2017-12 will have on the Company's financial statements.

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(2) Securities

Trading Securities

The fair value and net unrealized gain (loss) included in trading securities are as follows (in thousands):

	September 30, 2017		December 31, 2016		September 30, 2016	
	Fair Value	Net Unrealized Gain (Loss)	Fair Value	Net Unrealized Gain (Loss)	Fair Value	Net Unrealized Gain (Loss)
U.S. government agency debentures	\$30,162	\$ (101)	\$6,234	\$ (4)	\$15,705	\$ (7)
U.S. government agency residential mortgage-backed securities	516,760	723	310,067	635	464,749	876
Municipal and other tax-exempt securities	56,148	153	14,427	50	54,856	(100)
Other trading securities	11,047	23	6,900	57	11,305	14
Total trading securities	\$614,117	\$ 798	\$337,628	\$ 738	\$546,615	\$ 783

Investment Securities

The amortized cost and fair values of investment securities are as follows (in thousands):

	September 30, 2017			
	Amortized Fair		Gross Unrealized ¹	
	Cost	Value	Gain	Loss
Municipal and other tax-exempt	\$246,000	\$249,250	\$3,415	\$(165)
U.S. government agency residential mortgage-backed securities – Other	16,926	17,458	594	(62)
Other debt securities	203,636	223,187	20,141	(590)
Total investment securities	\$466,562	\$489,895	\$24,150	\$(817)

¹ Gross unrealized gains and losses are not recognized in Accumulated Other Comprehensive Income "AOCI" in the Consolidated Balance Sheets.

	December 31, 2016			
	Amortized Fair		Gross Unrealized ¹	
	Cost	Value	Gain	Loss
Municipal and other tax-exempt	\$320,364	\$321,225	\$2,272	\$(1,411)
U.S. government agency residential mortgage-backed securities – Other	20,777	21,473	767	(71)
Other debt securities	205,004	222,795	18,115	(324)
Total investment securities	\$546,145	\$565,493	\$21,154	\$(1,806)

¹ Gross unrealized gains and losses are not recognized in AOCI in the Consolidated Balance Sheets.

	September 30, 2016			
	Amortized Fair		Gross Unrealized ¹	
	Cost	Value	Gain	Loss
Municipal and other tax-exempt	\$323,225	\$327,788	\$4,745	\$(182)
U.S. government agency residential mortgage-backed securities – Other	22,166	23,452	1,286	—
Other debt securities	201,066	229,070	28,014	(10)
Total investment securities	\$546,457	\$580,310	\$34,045	\$(192)

¹ Gross unrealized gains and losses are not recognized in AOCI in the Consolidated Balance Sheets.

The amortized cost and fair values of investment securities at September 30, 2017, by contractual maturity, are as shown in the following table (dollars in thousands):

	Less than One Year	One to Five Years	Six to Ten Years	Over Ten Years	Total	Weighted Average Maturity ²
Municipal and other tax-exempt:						
Amortized cost	\$84,786	\$107,938	\$16,132	\$37,144	\$246,000	3.51
Fair value	84,835	108,352	16,776	39,287	249,250	
Nominal yield ¹	1.75 %	2.15 %	4.68 %	5.21 %	2.64 %	
Other debt securities:						
Amortized cost	13,546	47,077	130,494	12,519	203,636	6.40
Fair value	13,688	50,230	147,066	12,203	223,187	
Nominal yield	4.10 %	4.86 %	5.75 %	4.47 %	5.35 %	
Total fixed maturity securities:						
Amortized cost	\$98,332	\$155,015	\$146,626	\$49,663	\$449,636	4.82
Fair value	98,523	158,582	163,842	51,490	472,437	
Nominal yield	2.08 %	2.97 %	5.63 %	5.02 %	3.87 %	
Residential mortgage-backed securities:						
Amortized cost					\$16,926	³
Fair value					17,458	
Nominal yield ⁴					2.76	%
Total investment securities:						
Amortized cost					\$466,562	
Fair value					489,895	
Nominal yield					3.83	%

¹ Calculated on a taxable equivalent basis using a 39 percent effective tax rate.

² Expected maturities may differ from contractual maturities, because borrowers may have the right to call or prepay obligations with or without penalty.

³ The average expected lives of residential mortgage-backed securities were 4.7 years based upon current prepayment assumptions.

The nominal yield on residential mortgage-backed securities is based upon prepayment assumptions at the purchase date. Actual yields earned may differ significantly based upon actual prepayments. See Quarterly Financial Summary - Unaudited for current yields on the investment securities portfolio.

Available for Sale Securities

The amortized cost and fair value of available for sale securities are as follows (in thousands):

	September 30, 2017				
	Amortized Cost	Fair Value	Gross Gain	Unrealized ¹ Loss	OTTI ²
U.S. Treasury	\$1,000	\$999	\$—	\$(1)	\$ —
Municipal and other tax-exempt	28,411	28,368	240	(283)	—
Residential mortgage-backed securities:					
U. S. government agencies:					
FNMA	3,103,869	3,108,822	25,510	(20,557)	—
FHLMC	1,331,212	1,330,159	6,630	(7,683)	—
GNMA	864,256	862,394	3,254	(5,116)	—
Other	25,000	25,009	51	(42)	—
Total U.S. government agencies	5,324,337	5,326,384	35,445	(33,398)	—
Private issue:					
Alt-A loans	35,853	46,695	10,842	—	—
Jumbo-A loans	44,944	53,299	8,355	—	—
Total private issue	80,797	99,994	19,197	—	—
Total residential mortgage-backed securities	5,405,134	5,426,378	54,642	(33,398)	—
Commercial mortgage-backed securities guaranteed by U.S. government agencies	2,899,828	2,889,346	5,577	(16,059)	—
Other debt securities	4,400	4,153	—	(247)	—
Perpetual preferred stock	12,562	16,245	3,683	—	—
Equity securities and mutual funds	17,803	17,710	655	(748)	—
Total available for sale securities	\$8,369,138	\$8,383,199	\$64,797	\$(50,736)	\$ —

¹ Gross unrealized gain/loss recognized in AOCI in the consolidated balance sheet.

² Amounts represent unrealized loss that remains in AOCI after an other-than-temporary credit loss has been recognized in income.

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	December 31, 2016				
	Amortized Cost	Fair Value	Gross Unrealized ¹		
			Gain	Loss	OTTIP ²
U.S. Treasury	\$ 1,000	\$ 999	\$—	\$(1)	\$—
Municipal and other tax-exempt	41,050	40,993	343	(400)	—
Residential mortgage-backed securities:					
U. S. government agencies:					
FNMA	3,062,525	3,055,676	25,066	(31,915)	—
FHLMC	1,534,451	1,531,116	8,475	(11,810)	—
GNMA	878,375	873,594	2,259	(7,040)	—
Total U.S. government agencies	5,475,351	5,460,386	35,800	(50,765)	—
Private issue:					
Alt-A loans	44,245	51,512	7,485	—	(218)
Jumbo-A loans	56,947	64,023	7,092	(16)	—
Total private issue	101,192	115,535	14,577	(16)	(218)
Total residential mortgage-backed securities	5,576,543	5,575,921	50,377	(50,781)	(218)
Commercial mortgage-backed securities guaranteed by U.S. government agencies	3,035,750	3,017,933	5,472	(23,289)	—
Other debt securities	4,400	4,152	—	(248)	—
Perpetual preferred stock	15,561	18,474	2,913	—	—
Equity securities and mutual funds	17,424	18,357	1,060	(127)	—
Total available for sale securities	\$ 8,691,728	\$ 8,676,829	\$ 60,165	\$(74,846)	\$(218)

¹ Gross unrealized gain/loss recognized in AOCI in the consolidated balance sheet.

² Amounts represent unrealized loss that remains in AOCI after an other-than-temporary credit loss has been recognized in income.

	September 30, 2016				
	Amortized Cost	Fair Value	Gross Unrealized ¹		
			Gain	Loss	OTTIP ²
U.S. Treasury	\$ 1,000	\$ 1,002	\$ 2	\$—	\$—
Municipal and other tax-exempt	41,943	42,092	602	(453)	—
Residential mortgage-backed securities:					
U. S. government agencies:					
FNMA	3,035,041	3,101,136	67,859	(1,764)	—
FHLMC	1,611,887	1,641,178	29,640	(349)	—
GNMA	924,176	926,358	3,530	(1,348)	—
Total U.S. government agencies	5,571,104	5,668,672	101,029	(3,461)	—
Private issue:					
Alt-A loans	47,039	54,065	7,230	—	(204)
Jumbo-A loans	61,377	67,538	6,187	(26)	—
Total private issue	108,416	121,603	13,417	(26)	(204)
Total residential mortgage-backed securities	5,679,520	5,790,275	114,446	(3,487)	(204)
Commercial mortgage-backed securities guaranteed by U.S. government agencies	2,942,988	2,986,495	45,329	(1,822)	—
Other debt securities	4,400	4,151	—	(249)	—
Perpetual preferred stock	15,562	19,578	4,016	—	—
Equity securities and mutual funds	17,337	18,690	1,370	(17)	—
Total available for sale securities	\$ 8,702,750	\$ 8,862,283	\$ 165,765	\$(6,028)	\$(204)

¹ Gross unrealized gain/loss recognized in AOCI in the consolidated balance sheet.

² Amounts represent unrealized loss that remains in AOCI after an other-than-temporary credit loss has been recognized in income.

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The amortized cost and fair values of available for sale securities at September 30, 2017, by contractual maturity, are as shown in the following table (dollars in thousands):

	Less than One Year	One to Five Years	Six to Ten Years	Over Ten Years	Total	Weighted Average Maturity ⁵
U.S. Treasuries:						
Amortized cost	\$1,000	\$—	\$—	\$—	\$1,000	0.29
Fair value	999	—	—	—	999	
Nominal yield	0.87 %	— %	— %	— %	0.87 %	%
Municipal and other tax-exempt:						
Amortized cost	\$8,754	\$4,163	\$—	\$15,494	\$28,411	9.00
Fair value	8,780	4,313	—	15,275	28,368	
Nominal yield ¹	3.25 %	5.13 %	— %	2.26 %	2.99 % ⁶	%
Commercial mortgage-backed securities:						
Amortized cost	\$59,483	\$978,565	\$1,616,383	\$245,397	\$2,899,828	6.90
Fair value	59,402	976,466	1,610,642	242,836	2,889,346	
Nominal yield	1.25 %	1.85 %	1.92 %	1.92 %	1.88 %	%
Other debt securities:						
Amortized cost	\$—	\$—	\$—	\$4,400	\$4,400	29.91
Fair value	—	—	—	4,153	4,153	
Nominal yield	— %	— %	— %	1.71 %	1.71 % ⁶	%
Total fixed maturity securities:						
Amortized cost	\$69,237	\$982,728	\$1,616,383	\$265,291	\$2,933,639	6.96
Fair value	69,181	980,779	1,610,642	262,264	2,922,866	
Nominal yield	1.50 %	1.86 %	1.92 %	1.93 %	1.88 %	%
Residential mortgage-backed securities:						
Amortized cost					\$5,405,134	²
Fair value					5,426,378	
Nominal yield ⁴					1.99 %	%
Equity securities and mutual funds:						
Amortized cost					\$30,365	³
Fair value					33,955	
Nominal yield					— %	%
Total available-for-sale securities:						
Amortized cost					\$8,369,138	
Fair value					8,383,199	
Nominal yield					1.95 %	%

¹ Calculated on a taxable equivalent basis using a 39 percent effective tax rate.

² The average expected lives of mortgage-backed securities were 4.0 years based upon current prepayment assumptions.

³ Primarily common stock and preferred stock of corporate issuers with no stated maturity.

⁴ The nominal yield on mortgage-backed securities is based upon prepayment assumptions at the purchase date. Actual yields earned may differ significantly based upon actual prepayments. See Quarterly Financial Summary — Unaudited following for current yields on available for sale securities portfolio.

⁵ Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalty.

⁶ Nominal yield on municipal and other tax-exempt securities and other debt securities with contractual maturity dates over ten years are based on variable rates which generally are reset within 35 days.

Sales of available for sale securities resulted in gains and losses as follows (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Proceeds	\$265,632	\$232,239	\$966,044	\$1,027,379
Gross realized gains	2,768	2,415	7,623	11,705
Gross realized losses	(281	) (21	) (2,707	) (21
Related federal and state income tax expense	967	931	1,912	4,545

A summary of investment and available for sale securities that have been pledged as collateral for repurchase agreements, public trust funds on deposit and for other purposes, as required by law was as follows (in thousands):

	Sept. 30,	Dec. 31,	Sept. 30,
	2017	2016	2016
Investment:			
Amortized cost	\$237,525	\$322,208	\$301,754
Fair value	241,208	323,808	307,264

Available for sale:

Amortized cost	6,559,615	7,353,116	7,098,721
Fair value	6,551,240	7,327,470	7,213,520

The secured parties do not have the right to sell or repledge these securities.

At September 30, 2017, trading securities and receivables collateralized by securities with a fair value of \$224 million were pledged as collateral at the Federal Home Loan Bank (FHLB) for the trading activities of BOK Financial Securities, Inc. No trading securities were pledged as collateral as of December 31, 2016 and no trading securities were pledged as collateral at September 30, 2016.

Temporarily Impaired Securities as of September 30, 2017
(in thousands):

	Number of Securities	Less Than 12 Months		12 Months or Longer		Total	
		Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Investment:							
Municipal and other tax-exempt	63	\$80,235	\$ 70	\$9,795	\$ 95	\$90,030	\$ 165
U.S. government agency residential mortgage-backed securities – Other	1	3,578	62	—	—	3,578	62
Other debt securities	28	10,022	566	427	24	10,449	590
Total investment securities	92	\$93,835	\$ 698	\$10,222	\$ 119	\$104,057	\$ 817

	Number of Securities	Less Than 12 Months		12 Months or Longer		Total	
		Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Available for sale:							
U.S. Treasury	1	\$ 999	\$ 1	\$ —	—	\$ 999	\$ 1
Municipal and other tax-exempt Residential mortgage-backed securities:	11	576	1	4,782	282	5,361	283
U. S. government agencies:							
FNMA	81	1,054,170	1,288	480,990	269	1,535,160	1,557
FHLMC	42	477,823	546	198,447	837	676,270	1,683
GNMA	17	166,563	718	124,033	398	290,596	1,116
Other	1	19,958	42	—	—	19,958	42
Total U.S. government agencies	141	1,718,516	15,594	803,500	1,804	2,522,016	16,398
Private issue:							
Alt-A loans	—	—	—	—	—	—	—