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

FORM 10-Q

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

For the quarterly period ended June 30, 2024
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 Number 0-14384

BancFirst Corporation

(Exact name of registrant as specified in charter)

Oklahoma (State or other Jurisdiction of incorporation or organization)	73-1221379 (I.R.S. Employer Identification No.)
100 N. Broadway Ave., Oklahoma City, Oklahoma (Address of principal executive offices)	73102-8405 (Zip Code)
(405) 270-1086 (Registrant's telephone number, including area code)	

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$1.00 Par Value Per Share	BANF	NASDAQ Global Select Market System

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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (sec. 232-405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Emerging growth company

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

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

As of July 31, 2024 there were 33,022,124 shares of the registrant's Common Stock outstanding.

BancFirst Corporation
Quarterly Report on Form 10-Q
June 30, 2024

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

BANCFIRST CORPORATION
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	June 30, 2024 (unaudited)	December 31, 2023 (see Note 1)
ASSETS		
Cash and due from banks	\$ 194,273	\$ 225,462
Interest-bearing deposits with banks	2,299,019	2,172,001
Federal funds sold	1,102	1,316
Debt securities held for investment (fair value: \$838 and \$1,190, respectively)	838	1,190
Debt securities available for sale at fair value	1,440,527	1,553,905
Loans held for sale	7,408	3,489
Loans held for investment (net of unearned interest)	8,047,448	7,656,645
Allowance for credit losses	(99,626)	(96,800)
Loans, net of allowance for credit losses	7,947,822	7,559,845
Premises and equipment, net	285,131	278,594
Other real estate owned	37,823	33,718
Intangible assets, net	14,931	16,704
Goodwill	182,263	182,263
Accrued interest receivable and other assets	326,181	343,555
Total assets	<u>\$ 12,737,318</u>	<u>\$ 12,372,042</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Noninterest-bearing	\$ 3,815,818	\$ 3,982,226
Interest-bearing	7,199,784	6,717,896
Total deposits	11,015,602	10,700,122
Short-term borrowings	4,264	3,351
Accrued interest payable and other liabilities	118,831	148,577
Subordinated debt	86,129	86,101
Total liabilities	11,224,826	10,938,151
Stockholders' equity:		
Senior preferred stock, \$1.00 par; 10,000,000 shares authorized; none issued	—	—
Cumulative preferred stock, \$5.00 par; 900,000 shares authorized; none issued	—	—
Common stock, \$1.00 par, 40,000,000 shares authorized; shares issued and outstanding: 33,022,124 and 32,933,018, respectively	33,022	32,933
Capital surplus	178,806	174,695
Retained earnings	1,348,905	1,276,305
Accumulated other comprehensive loss, net of tax benefit of \$14,938 and \$15,473, respectively	(48,241)	(50,042)
Total stockholders' equity	1,512,492	1,433,891
Total liabilities and stockholders' equity	<u>\$ 12,737,318</u>	<u>\$ 12,372,042</u>

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

BANCFIRST CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(Dollars in thousands, except per share data)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
INTEREST INCOME				
Loans, including fees	\$ 137,710	\$ 114,612	\$ 269,836	\$ 219,008
Securities:				
Taxable	8,932	9,408	18,113	18,399
Tax-exempt	18	23	38	30
Federal funds sold	5	81	24	113
Interest-bearing deposits with banks	31,800	26,694	62,097	58,714
Total interest income	178,465	150,818	350,108	296,264
INTEREST EXPENSE				
Deposits	67,479	43,732	131,892	78,909
Short-term borrowings	59	129	155	212
Subordinated debt	1,031	1,031	2,061	2,061
Total interest expense	68,569	44,892	134,108	81,182
Net interest income	109,896	105,926	216,000	215,082
Provision for credit losses	3,358	2,824	7,373	5,146
Net interest income after provision for credit losses	106,538	103,102	208,627	209,936
NONINTEREST INCOME				
Trust revenue	5,490	4,590	10,578	8,812
Service charges on deposits	17,280	22,268	33,708	43,499
Securities transactions	317	110	50	(103)
Sales of loans	733	757	1,224	1,361
Insurance commissions	6,668	6,225	16,123	14,966
Cash management	9,149	7,927	17,800	14,661
Gain/(loss) on sale of other assets	55	315	(4)	794
Other	4,252	5,782	9,365	11,812
Total noninterest income	43,944	47,974	88,844	95,802
NONINTEREST EXPENSE				
Salaries and employee benefits	51,928	49,803	103,456	99,055
Occupancy, net	5,233	5,118	10,439	10,101
Depreciation	4,504	4,769	9,060	9,412
Amortization of intangible assets	887	880	1,773	1,760
Data processing services	2,696	2,217	5,312	4,324
Net expense from other real estate owned	1,656	2,889	3,858	5,348
Marketing and business promotion	2,246	1,900	4,502	4,427
Deposit insurance	1,614	1,463	3,052	3,076
Other	14,552	12,071	26,643	23,924
Total noninterest expense	85,316	81,110	168,095	161,427
Income before taxes	65,166	69,966	129,376	144,311
Income tax expense	14,525	14,956	28,401	31,768
Net income	<u>\$ 50,641</u>	<u>\$ 55,010</u>	<u>\$ 100,975</u>	<u>\$ 112,543</u>
NET INCOME PER COMMON SHARE				
Basic	<u>\$ 1.53</u>	<u>\$ 1.67</u>	<u>\$ 3.06</u>	<u>\$ 3.42</u>
Diluted	<u>\$ 1.51</u>	<u>\$ 1.64</u>	<u>\$ 3.01</u>	<u>\$ 3.36</u>
OTHER COMPREHENSIVE GAIN/(LOSS)				
Unrealized income/(loss) on debt securities, net of tax (expense)/benefit of \$(1,263), \$4,350, \$(535) and \$(154), respectively	4,105	(14,091)	1,801	558
Other comprehensive income/(loss), net of tax (expense)/benefit of \$(1,263), \$4,350, \$(535) and \$(154), respectively	4,105	(14,091)	1,801	558
Comprehensive income	<u>\$ 54,746</u>	<u>\$ 40,919</u>	<u>\$ 102,776</u>	<u>\$ 113,101</u>

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

BANCFIRST CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Uaudited)
(Dollars in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
COMMON STOCK				
Issued at beginning of period	\$ 32,967	\$ 32,900	\$ 32,933	\$ 32,876
Shares issued for stock options	55	39	89	63
Issued at end of period	<u>\$ 33,022</u>	<u>\$ 32,939</u>	<u>\$ 33,022</u>	<u>\$ 32,939</u>
CAPITAL SURPLUS				
Balance at beginning of period	\$ 176,227	\$ 170,231	\$ 174,695	\$ 169,231
Common stock issued for stock options	1,659	1,296	2,476	1,914
Stock-based compensation arrangements	920	831	1,635	1,213
Balance at end of period	<u>\$ 178,806</u>	<u>\$ 172,358</u>	<u>\$ 178,806</u>	<u>\$ 172,358</u>
RETAINED EARNINGS				
Balance at beginning of period	\$ 1,312,464	\$ 1,164,665	\$ 1,276,305	\$ 1,120,292
Net income	50,641	55,010	100,975	112,543
Dividends on common stock (\$0.43, \$0.40, \$0.86 and \$0.80 per share, respectively)	(14,200)	(13,176)	(28,375)	(26,336)
Balance at end of period	<u>\$ 1,348,905</u>	<u>\$ 1,206,499</u>	<u>\$ 1,348,905</u>	<u>\$ 1,206,499</u>
ACCUMULATED OTHER COMPREHENSIVE LOSS				
Unrealized (losses)/gains on securities:				
Balance at beginning of period	\$ (52,346)	\$ (56,914)	\$ (50,042)	\$ (71,563)
Net change	4,105	(14,091)	1,801	558
Balance at end of period	<u>\$ (48,241)</u>	<u>\$ (71,005)</u>	<u>\$ (48,241)</u>	<u>\$ (71,005)</u>
Total stockholders' equity	<u>\$ 1,512,492</u>	<u>\$ 1,340,791</u>	<u>\$ 1,512,492</u>	<u>\$ 1,340,791</u>

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

BANCFIRST CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOW
(Unaudited)
(Dollars in thousands)

	Six Months Ended June 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 100,975	\$ 112,543
Adjustments to reconcile to net cash provided by operating activities:		
Provision for credit losses	7,373	5,146
Depreciation and amortization	10,833	11,172
Net amortization of securities premiums and discounts	(627)	(577)
Realized securities (gains)/losses	(50)	103
Gain on sales of loans	(1,224)	(1,361)
Cash receipts from the sale of loans originated for sale	110,096	77,758
Cash disbursements for loans originated for sale	(72,791)	(78,948)
Deferred income tax benefit	(1,764)	(1,489)
Gain on sale of other assets	(1,319)	(1,061)
Increase in interest receivable	(3,074)	(3,387)
Increase in interest payable	5,314	3,005
Amortization of stock-based compensation arrangements	1,635	1,213
Excess tax benefit from stock-based compensation arrangements	(750)	(734)
Other, net	11,848	5,797
Net cash provided by operating activities	166,475	129,180
INVESTING ACTIVITIES		
Net decrease/(increase) in federal funds sold	214	(1,631)
Purchases of available for sale debt securities	(270)	(94,112)
Proceeds from maturities, calls and paydowns of held for investment debt securities	352	1,349
Proceeds from maturities, calls and paydowns of available for sale debt securities	116,611	64,036
Purchase of equity securities	(404)	(294)
Proceeds from paydowns and sales of equity securities	206	531
Net change in loans	(445,920)	(357,140)
Net (payments)/receipts on derivative asset contracts	(22,293)	11,628
Purchases of premises, equipment and computer software	(16,273)	(13,016)
Purchase of tax credits	(2,469)	(3,813)
Other, net	8,978	23,302
Net cash used in investing activities	(361,268)	(369,160)
FINANCING ACTIVITIES		
Net change in deposits	315,480	(499,048)
Net change in short-term borrowings	913	3,593
Issuance of common stock in connection with stock options, net	2,565	1,977
Cash dividends paid	(28,336)	(26,310)
Net cash provided by (used in) financing activities	290,622	(519,788)
Net increase/(decrease) in cash, due from banks and interest-bearing deposits	95,829	(759,768)
Cash, due from banks and interest-bearing deposits at the beginning of the period	2,397,463	3,168,910
Cash, due from banks and interest-bearing deposits at the end of the period	<u>\$ 2,493,292</u>	<u>\$ 2,409,142</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for interest	<u>\$ 128,794</u>	<u>\$ 78,176</u>
Cash paid during the period for income taxes	<u>\$ 22,349</u>	<u>\$ 31,180</u>
Noncash investing and financing activities:		
Unpaid common stock dividends declared	<u>\$ 14,200</u>	<u>\$ 13,176</u>

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

BANCFIRST CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

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

The accounting and reporting policies of BancFirst Corporation and its subsidiaries (the "Company") conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and general practice within the banking industry. A summary of significant accounting policies can be found in Note (1) to the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Basis of Presentation

The accompanying unaudited interim consolidated financial statements include the accounts of BancFirst Corporation, Council Oak Partners, LLC, BancFirst Insurance Services, Inc., Pegasus Bank ("Pegasus"), Worthington Bank ("Worthington") and BancFirst and its subsidiaries ("BancFirst"). The principal operating subsidiaries of BancFirst are BFTower, LLC, BFC-PNC LLC, and BancFirst Agency, Inc. All significant intercompany accounts and transactions have been eliminated. Assets held in a fiduciary or agency capacity are not assets of the Company and, accordingly, are not included in the unaudited interim consolidated financial statements.

The accompanying unaudited interim consolidated financial statements and notes are presented in accordance with U.S. GAAP for interim financial information and the instructions for Form 10-Q adopted by the Securities and Exchange Commission ("SEC"). The information contained in the consolidated financial statements and footnotes included in BancFirst Corporation's Annual Report on Form 10-K for the year ended December 31, 2023, should be referred to in connection with these unaudited interim consolidated financial statements. Operating results for the interim periods disclosed herein are not necessarily indicative of the results that may be expected for a full year or any future period.

The unaudited interim consolidated financial statements contained herein reflect all adjustments, which are, in the opinion of management, necessary to provide a fair statement of the financial position and results of operations of the Company for the interim periods presented. All such adjustments are of a normal and recurring nature.

Reclassifications

Certain items in prior consolidated financial statements have been reclassified to conform to the current presentation. Such reclassifications had no effect on previously reported cash flows, stockholders' equity or comprehensive income.

Use of Estimates in the Preparation of Financial Statements

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

Recent Accounting Pronouncements

Standards Not Yet Adopted:

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-09, "Income Taxes - Improvements to Income Tax Disclosures" requiring enhancements and further transparency to certain income tax disclosures, most notably the tax rate reconciliation and income taxes paid. This ASU is effective for fiscal years beginning after December 15, 2024 on a prospective basis and retrospective application is permitted. The Company does not expect adoption of the standard to have a material impact on its consolidated financial statements.

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting - Improvements to Reportable Segment Disclosures" requiring disclosure of incremental segment information on an annual and interim basis for all public entities to enable investors to develop more decision-useful financial analyses. This ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024 on a retrospective basis. The amendments are to be applied retrospectively to all periods presented and segment expense categories are required to be based on the categories identified at adoption. The Company is currently evaluating the provisions of this ASU and expects to adopt them for the year ending December 31, 2024. The Company does not expect the adoption to have a significant impact on the Company's consolidated financial statements.

(2) SECURITIES

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

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
June 30, 2024				
Mortgage backed securities (1)	\$ 3	\$ —	\$ —	\$ 3
States and political subdivisions	335	—	—	335
Other securities	500	—	—	500
Total	<u>\$ 838</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 838</u>
December 31, 2023				
Mortgage backed securities (1)	\$ 5	\$ —	\$ —	\$ 5
States and political subdivisions	685	—	—	685
Other securities	500	—	—	500
Total	<u>\$ 1,190</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,190</u>

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

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
June 30, 2024				
U.S. treasuries	\$ 1,450,915	\$ —	\$ (60,133)	\$ 1,390,782
U.S. federal agencies	9,565	121	(3)	9,683
Mortgage backed securities (1)	15,647	7	(1,746)	13,908
States and political subdivisions	10,078	8	(135)	9,951
Asset backed securities	9,338	43	—	9,381
Other securities	8,163	—	(1,341)	6,822
Total	<u>\$ 1,503,706</u>	<u>\$ 179</u>	<u>\$ (63,358)</u>	<u>\$ 1,440,527</u>
December 31, 2023				
U.S. treasuries	\$ 1,560,265	\$ 415	\$ (62,635)	\$ 1,498,045
U.S. federal agencies	11,631	142	(3)	11,770
Mortgage backed securities (1)	16,459	13	(1,677)	14,795
States and political subdivisions	10,108	16	(114)	10,010
Asset backed securities	12,794	—	(282)	12,512
Other securities	8,163	—	(1,390)	6,773
Total	<u>\$ 1,619,420</u>	<u>\$ 586</u>	<u>\$ (66,101)</u>	<u>\$ 1,553,905</u>

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

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

	June 30, 2024			December 31, 2023		
	Amortized Cost	Estimated Fair Value	(Dollars in thousands)	Amortized Cost	Estimated Fair Value	
Held for Investment						
Contractual maturity of debt securities:						
Within one year	\$ 275	\$ 275	\$ 350	\$ 350	\$ 350	
After one year but within five years	563	563	840	840	840	
After five years but within ten years	—	—	—	—	—	
After ten years	—	—	—	—	—	
Total	\$ 838	\$ 838	\$ 1,190	\$ 1,190	\$ 1,190	
Available for Sale						
Contractual maturity of debt securities:						
Within one year	\$ 364,890	\$ 358,962	\$ 348,318	\$ 341,645	\$ 341,645	
After one year but within five years	1,097,339	1,043,120	1,223,529	1,167,973	1,167,973	
After five years but within ten years	11,071	9,657	10,331	8,851	8,851	
After ten years	30,406	28,788	37,242	35,436	35,436	
Total debt securities	\$ 1,503,706	\$ 1,440,527	\$ 1,619,420	\$ 1,553,905	\$ 1,553,905	

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

	June 30, 2024	December 31, 2023	
		(Dollars in thousands)	
Book value of pledged securities		\$ 910,357	\$ 591,324

There were no sales of debt securities and therefore no proceeds from sales or realized securities gains or losses on available for sale debt securities for the six months ended June 30, 2024 or June 30, 2023.

Realized gains/losses on debt and equity securities are reported as securities transactions within the noninterest income section of the consolidated statement of comprehensive income.

The following table summarizes debt securities with unrealized losses, segregated by the duration of the unrealized loss, at June 30, 2024 and December 31, 2023 respectively:

	Number of investments	Less than 12 Months		More than 12 Months		Total		
		Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	
(Dollars in thousands)								
June 30, 2024								
Available for Sale								
U.S. treasuries	62	\$ 90,084	\$ 926	\$ 1,300,697	\$ 59,207	\$ 1,390,781	\$ 60,133	
U.S. federal agencies	2	205	2	688	1	893	3	
Mortgage backed securities	69	1,188	9	12,455	1,737	13,643	1,746	
States and political subdivisions	8	867	3	1,871	132	2,738	135	
Other securities	3	—	—	6,822	1,341	6,822	1,341	
Total	144	\$ 92,344	\$ 940	\$ 1,322,533	\$ 62,418	\$ 1,414,877	\$ 63,358	
December 31, 2023								
Available for Sale								
U.S. treasuries	68	\$ 4,838	\$ 90	\$ 1,401,669	\$ 62,545	\$ 1,406,507	\$ 62,635	
U.S. federal agencies	3	1,100	3	—	—	1,100	3	
Mortgage backed securities	74	80	—	13,261	1,677	13,341	1,677	
States and political subdivisions	6	306	4	1,847	110	2,153	114	
Asset backed securities	1	—	—	12,512	282	12,512	282	
Other securities	3	—	—	6,773	1,390	6,773	1,390	
Total	155	\$ 6,324	\$ 97	\$ 1,436,062	\$ 66,004	\$ 1,442,386	\$ 66,101	

The Company has the ability and intent to hold the debt securities classified as held for investment until they mature, at which time the Company will receive full value for the debt securities. Furthermore, as of June 30, 2024 and December 31, 2023, the Company also had the ability and intent to hold the debt securities classified as available for sale for a period of time sufficient for a recovery of cost. The unrealized losses are due to increases in market interest rates over the yields available at the time the underlying debt securities were purchased. The fair value of those debt securities having unrealized losses is expected to recover as the securities approach their maturity date or repricing date, or if market yields for such investments decline. The Company has no intent or requirement to sell before the recovery of the unrealized loss; therefore, no impairment loss was realized in the Company's consolidated statement of comprehensive income.

(3) LOANS HELD FOR INVESTMENT AND ALLOWANCE FOR CREDIT LOSSES ON LOANS

Loans held for investment are summarized by portfolio segment as follows:

	June 30, 2024	December 31, 2023
	(Dollars in thousands)	
Real estate:		
Commercial real estate owner occupied	954,942	960,944
Commercial real estate non-owner occupied	1,604,132	1,486,420
Construction and development < 60 months	680,807	642,643
Construction residential real estate < 60 months	288,900	283,486
Residential real estate first lien	1,335,124	1,258,744
Residential real estate all other	260,036	244,696
Agriculture	432,360	427,139
Commercial non-real estate	1,436,349	1,289,452
Consumer non-real estate	469,084	476,467
Oil and gas	585,714	586,654
Total (1)	\$ 8,047,448	\$ 7,656,645

(1) Excludes accrued interest receivable of \$42.8 million at June 30, 2024 and \$39.4 million at December 31, 2023, that is recorded in accrued interest receivable and other assets.

The Company's loans are currently 84% held by BancFirst and 16% held by Pegasus and Worthington. In addition, approximately 69% of the Company's loans are secured by real estate. Credit risk on loans is managed through limits on amounts loaned to individual and related borrowers, underwriting standards and loan monitoring procedures. The amounts and types of collateral obtained, if any, to secure loans are based upon the Company's underwriting standards and management's credit evaluation. Collateral varies, but may include real estate, equipment, accounts receivable, inventory, livestock and/or securities. The Company's interest in collateral is secured through filing mortgages and liens, or by possession of the collateral.

The Company's portfolio segment descriptions and the weighted average remaining life of portfolio segments are disclosed in Note (5) to the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Other Real Estate Owned and Repossessed Assets and Loan Modifications

The following is a summary of other real estate owned and repossessed assets:

	June 30, 2024	December 31, 2023
	(Dollars in thousands)	
Other real estate owned and repossessed assets	\$ 38,497	\$ 34,200

As of both June 30, 2024 and December 31, 2023, other real estate owned included a commercial real estate property recorded at approximately \$30.7 million and \$29.4 million, respectively. The increase in OREO and this commercial real estate property was due to tenant improvements during the six months ended June 30, 2024. Rental income for this property is included in other noninterest income on the consolidated statements of comprehensive income. Operating expense for this property is included in net expense from other real estate owned in noninterest expense on the consolidated statements of comprehensive income.

This property had the following rental income and operating expenses for the periods presented.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Rental income	\$ 3,085	\$ 2,778	\$ 6,026	\$ 5,468
Operating expense	2,673	2,967	4,923	5,348

During the six months ended June 30, 2024, the Company sold property held in other real estate owned for a total gain of \$1.3 million, compared to a total gain of \$266,000 in the six months ended June 30, 2023.

The Company charges interest on principal balances outstanding on modified loans during deferral periods. The current and future financial effects of the recorded balance of loans considered to be modified during the period were not considered to be material. The recorded balance of loans modified during the six months ended June 30, 2024 was approximately \$5.9 million compared to \$5.3 million during the year ended December 31, 2023.

Nonaccrual loans

The Company did not recognize any interest income on nonaccrual loans for either the six months ended June 30, 2024 or 2023. In addition, all loans identified as nonaccrual loans have related allowances for credit losses at June 30, 2024 and December 31, 2023, respectively. Had nonaccrual loans performed in accordance with their original contractual terms, the Company would have recognized additional interest income of approximately \$1.8 million for the six months ended June 30, 2024 and approximately \$718,000 for the six months ended June 30, 2023.

Nonaccrual loans guaranteed by government agencies totaled approximately \$8.5 million at June 30, 2024 and approximately \$6.7 million at December 31, 2023.

The following table is a summary of amounts included in nonaccrual loans, segregated by portfolio segment.

	June 30, 2024 (Dollars in thousands)	December 31, 2023 (Dollars in thousands)
Real estate:		
Commercial real estate owner occupied	\$ 5,543	\$ 1,686
Commercial real estate non-owner occupied	3,280	874
Construction and development < 60 months	20,142	800
Construction residential real estate < 60 months	745	638
Residential real estate first lien	3,425	3,336
Residential real estate all other	628	899
Agriculture	2,092	3,662
Commercial non-real estate	5,605	10,101
Consumer non-real estate	685	449
Oil and gas	1,876	2,128
Total	<hr/> \$ 44,021	<hr/> \$ 24,573

Loans are considered past due if the required principal and interest payments have not been received as of the date such payments were due. The following table presents an age analysis of the Company's loans held for investment:

	Age Analysis of Past Due Loans							Accruing Loans 90 Days or More Past Due
	30-59 Days Past Due	60-89 Days Past Due	90 Days and Greater	Total Past Due Loans	Current Loans	Total Loans		
	(Dollars in thousands)							
As of June 30, 2024								
Real estate:								
Commercial real estate owner occupied	\$ 3,020	\$ 38	\$ 5,379	\$ 8,437	\$ 946,505	\$ 954,942	\$ 532	
Commercial real estate non-owner occupied	—	141	1,544	1,685	1,602,447	1,604,132	803	
Construction and development < 60 months	405	1,738	831	2,974	677,833	680,807	31	
Construction residential real estate < 60 months	229	117	407	753	288,147	288,900	—	
Residential real estate first lien	4,929	2,144	2,213	9,286	1,325,838	1,335,124	961	
Residential real estate all other	866	152	835	1,853	258,183	260,036	250	
Agriculture	1,805	937	1,447	4,189	428,171	432,360	916	
Commercial non-real estate	1,857	831	5,256	7,944	1,428,405	1,436,349	587	
Consumer non-real estate	3,166	555	495	4,216	464,868	469,084	200	
Oil and gas	588	416	—	1,004	584,710	585,714	—	
Total	<u>\$ 16,865</u>	<u>\$ 7,069</u>	<u>\$ 18,407</u>	<u>\$ 42,341</u>	<u>\$ 8,005,107</u>	<u>\$ 8,047,448</u>	<u>\$ 4,280</u>	
As of December 31, 2023								
Real estate:								
Commercial real estate owner occupied	\$ 1,386	\$ 26	\$ 5,598	\$ 7,010	\$ 953,934	\$ 960,944	\$ 4,377	
Commercial real estate non-owner occupied	2,224	7,371	1,786	11,381	1,475,039	1,486,420	913	
Construction and development < 60 months	198	158	800	1,156	641,487	642,643	—	
Construction residential real estate < 60 months	1,542	206	405	2,153	281,333	283,486	332	
Residential real estate first lien	3,879	1,204	1,849	6,932	1,251,812	1,258,744	731	
Residential real estate all other	757	190	613	1,560	243,136	244,696	549	
Agriculture	1,694	724	1,227	3,645	423,494	427,139	579	
Commercial non-real estate	1,501	436	10,028	11,965	1,277,487	1,289,452	1,714	
Consumer non-real estate	3,248	1,090	594	4,932	471,535	476,467	347	
Oil and gas	—	—	92	92	586,562	586,654	—	
Total	<u>\$ 16,429</u>	<u>\$ 11,405</u>	<u>\$ 22,992</u>	<u>\$ 50,826</u>	<u>\$ 7,605,819</u>	<u>\$ 7,656,645</u>	<u>\$ 9,542</u>	

Credit Quality Indicators

The Company considers credit quality indicators to monitor the credit risk in the loan portfolio including volume and severity of loan delinquencies, nonaccrual loans, internal grading of loans, historical credit loss experience and economic conditions. These indicators are reviewed and updated regularly throughout the year. An internal risk grading system is used to indicate the credit risk of loans. The loan grades used by the Company are for internal risk identification purposes and do not directly correlate to regulatory categories or any financial reporting definitions. The general characteristics of the risk grades and the table summarizing the Company's gross loans held for investment by year of origination and internally assigned credit grades as of December 31, 2023, are disclosed in Note (5) to the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

The Company's revolving loans that are converted to term loans are not material and therefore have not been presented.

The following table summarizes the Company's gross loans held for investment by year of origination and internally assigned credit grades:

(Dollars in thousands) As of June 30, 2024	Term Loans Amortized Cost Basis by Origination Year							Revolving Loans Amortized Cost Basis		Total
	2024	2023	2022	2021	2020	Prior				
Commercial real estate owner occupied										
Grade 1	\$ 39,257	\$ 104,695	\$ 151,859	\$ 111,308	\$ 78,999	\$ 186,219	\$ 25,667	\$ 698,004		
Grade 2	23,094	34,818	49,139	44,044	21,710	34,604	24,187	231,596		
Grade 3	128	7,339	3,574	4,489	939	4,121	2,100	22,690		
Grade 4	—	372	21	170	352	1,615	122	2,652		
Total commercial real estate owner occupied	62,479	147,224	204,593	160,011	102,000	226,559	52,076	954,942		
Commercial real estate non-owner occupied										
Grade 1	\$ 64,168	\$ 258,439	\$ 283,026	\$ 187,391	\$ 120,052	\$ 126,177	\$ 41,093	\$ 1,080,346		
Grade 2	61,660	104,871	126,693	89,290	38,105	71,591	3,122	495,332		
Grade 3	8,934	141	13,635	1,690	—	245	—	24,645		
Grade 4	185	2,043	643	316	98	524	—	3,809		
Total commercial real estate non-owner occupied	134,947	365,494	423,997	278,687	158,255	198,537	44,215	1,604,132		
Construction and development < 60 months										
Grade 1	\$ 49,830	\$ 76,166	\$ 146,196	\$ 33,350	\$ 9,848	\$ 7,591	\$ 51,139	\$ 374,120		
Grade 2	64,768	118,553	62,487	8,296	1,590	14,969	10,703	281,366		
Grade 3	2,641	1,829	—	354	71	68	19,287	24,250		
Grade 4	—	—	831	100	140	—	—	1,071		
Total construction and development < 60 months	117,239	196,548	209,514	42,100	11,649	22,628	81,129	680,807		
Construction residential real estate < 60 months										
Grade 1	\$ 78,419	\$ 48,981	\$ 15,922	\$ 8,162	\$ 98	\$ 546	\$ 30,001	\$ 182,129		
Grade 2	54,233	33,153	2,447	15	12	—	11,630	101,490		
Grade 3	3,503	408	—	—	—	—	396	4,307		
Grade 4	568	200	206	—	—	—	—	974		
Total construction residential real estate < 60 months	136,723	82,742	18,575	8,177	110	546	42,027	288,900		
Residential real estate first lien										
Grade 1	\$ 134,305	\$ 211,033	\$ 205,048	\$ 162,128	\$ 130,865	\$ 192,862	\$ 5,031	\$ 1,041,272		
Grade 2	43,810	65,488	50,368	37,025	25,620	48,645	519	271,475		
Grade 3	1,453	2,576	3,098	2,835	1,821	5,562	—	17,345		
Grade 4	907	646	312	795	539	1,756	—	4,955		
Grade 5	—	77	—	—	—	—	—	77		
Total residential real estate first lien	180,475	279,820	258,826	202,783	158,845	248,825	5,550	1,335,124		
Residential real estate all other										
Grade 1	\$ 18,801	\$ 34,325	\$ 21,028	\$ 6,512	\$ 7,196	\$ 12,957	\$ 54,939	\$ 155,758		
Grade 2	3,804	5,198	4,467	1,341	1,462	3,918	79,266	99,456		
Grade 3	756	344	106	176	295	437	1,507	3,621		
Grade 4	—	174	67	—	—	26	934	1,201		
Total residential real estate all other	23,361	40,041	25,668	8,029	8,953	17,338	136,646	260,036		
Agriculture										
Grade 1	\$ 26,725	\$ 36,340	\$ 44,928	\$ 31,695	\$ 22,757	\$ 46,282	\$ 46,588	\$ 255,315		
Grade 2	23,833	21,355	20,788	16,052	9,606	19,830	39,081	150,545		
Grade 3	5,833	8,951	1,119	1,076	2,589	3,072	1,686	24,326		
Grade 4	354	886	612	51	5	262	4	2,174		
Total Agriculture	56,745	67,532	67,447	48,874	34,957	69,446	87,359	432,360		
Commercial non-real estate										
Grade 1	\$ 98,481	\$ 135,724	\$ 155,712	\$ 132,447	\$ 28,731	\$ 58,159	\$ 421,728	\$ 1,030,982		
Grade 2	57,646	94,429	30,313	20,608	5,593	6,885	176,353	391,827		
Grade 3	1,471	2,160	2,183	1,035	235	250	2,637	9,971		
Grade 4	787	364	793	255	508	116	563	3,386		
Grade 5	—	—	—	6	—	177	—	183		
Total commercial non-real estate	158,385	232,677	189,001	154,351	35,067	65,587	601,281	1,436,349		
Consumer non-real estate										
Grade 1	\$ 105,282	\$ 153,775	\$ 77,329	\$ 40,937	\$ 11,724	\$ 6,655	\$ 12,793	\$ 408,495		
Grade 2	9,876	17,288	10,906	5,582	1,542	1,219	6,427	52,840		
Grade 3	1,059	1,839	1,641	1,119	274	276	15	6,223		
Grade 4	198	556	314	282	104	68	4	1,526		
Total consumer non-real estate	116,415	173,458	90,190	47,920	13,644	8,218	19,239	469,084		
Oil and gas										
Grade 1	\$ 76,512	\$ 63,488	\$ 5,807	\$ 26,153	\$ 5,951	\$ 3,116	\$ 269,441	\$ 450,468		
Grade 2	60,737	9,097	5,045	677	374	267	58,161	134,358		
Grade 3	29	109	—	183	—	—	—	321		
Grade 4	—	—	—	127	—	440	—	567		
Total oil and gas	137,278	72,694	10,852	27,140	6,325	3,823	327,602	585,714		
Total loans held for investment	\$ 1,124,047	\$ 1,658,230	\$ 3	\$ 978,072	\$ 529,805	\$ 861,507	\$ 1,397,124	\$ 8,047,448		

The following tables summarize the Company's gross charge-offs by year of origination for the periods indicated:

	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans Amortized Cost Basis	Total
	2024	2023	2022	2021	2020	Prior		
	(Dollars in thousands)							
Three months ended June 30, 2024								
Commercial real estate owner occupied								
Current-period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Commercial real estate non-owner occupied								
Current-period gross charge-offs	—	—	—	1	—	—	—	1
Construction and development < 60 months								
Current-period gross charge-offs	—	—	—	—	—	—	—	—
Construction residential real estate < 60 months								
Current-period gross charge-offs	—	—	—	—	—	—	—	—
Residential real estate first lien								
Current-period gross charge-offs	2	23	—	2	4	36	—	67
Residential real estate all other								
Current-period gross charge-offs	—	—	—	—	—	—	—	—
Agriculture								
Current-period gross charge-offs	—	—	6	13	—	—	—	19
Commercial non-real estate								
Current-period gross charge-offs	6	155	43	8	—	190	378	780
Consumer non-real estate								
Current-period gross charge-offs	21	256	150	28	21	30	4	510
Oil and gas								
Current-period gross charge-offs	—	—	—	—	—	—	—	—
Total current-period gross charge-offs	<u>\$ 29</u>	<u>\$ 434</u>	<u>\$ 199</u>	<u>\$ 52</u>	<u>\$ 25</u>	<u>\$ 256</u>	<u>\$ 382</u>	<u>\$ 1,377</u>

	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans Amortized Cost Basis	Total
	2023	2022	2021	2020	2019	Prior		
	(Dollars in thousands)							
Three months ended June 30, 2023								
Commercial real estate owner occupied								
Current-period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Commercial real estate non-owner occupied								
Current-period gross charge-offs	—	—	—	—	—	—	—	—
Construction and development < 60 months								
Current-period gross charge-offs	—	—	—	2	—	—	—	2
Construction residential real estate < 60 months								
Current-period gross charge-offs	—	—	—	—	—	—	—	—
Residential real estate first lien								
Current-period gross charge-offs	—	—	19	21	—	2	—	42
Residential real estate all other								
Current-period gross charge-offs	—	2	—	—	—	—	—	2
Agriculture								
Current-period gross charge-offs	—	—	—	301	1	—	—	302
Commercial non-real estate								
Current-period gross charge-offs	42	34	1	20	—	5	—	102
Consumer non-real estate								
Current-period gross charge-offs	29	186	115	14	28	11	15	398
Oil and gas								
Current-period gross charge-offs	—	2	—	—	—	—	—	2
Total current-period gross charge-offs	<u>\$ 71</u>	<u>\$ 224</u>	<u>\$ 135</u>	<u>\$ 358</u>	<u>\$ 29</u>	<u>\$ 18</u>	<u>\$ 15</u>	<u>\$ 850</u>

	Term Loans Amortized Cost Basis by Origination Year							Revolving Loans Amortized Cost Basis	Total
	2024	2023	2022	2021	2020	Prior			
	(Dollars in thousands)								
<u>Six months ended June 30, 2024</u>									
Commercial real estate owner occupied									
Current-period gross charge-offs	\$ —	\$ —	\$ —	\$ 15	\$ —	\$ —	\$ —	\$ —	\$ 15
Commercial real estate non-owner occupied									
Current-period gross charge-offs	—	12	—	1	1	—	—	—	14
Construction and development < 60 months									
Current-period gross charge-offs	—	—	—	—	—	—	—	—	—
Construction residential real estate < 60 months									
Current-period gross charge-offs	—	3	—	—	—	—	—	—	3
Residential real estate first lien									
Current-period gross charge-offs	3	23	—	3	4	57	—	—	90
Residential real estate all other									
Current-period gross charge-offs	—	—	—	—	—	2	27	29	29
Agriculture									
Current-period gross charge-offs	—	—	37	13	—	—	—	—	50
Commercial non-real estate									
Current-period gross charge-offs	6	1,156	318	140	12	316	1,886	3,834	3,834
Consumer non-real estate									
Current-period gross charge-offs	21	500	247	79	34	45	15	941	941
Oil and gas									
Current-period gross charge-offs	—	9	83	—	—	—	—	92	92
Total current-period gross charge-offs	<u>\$ 30</u>	<u>\$ 1,703</u>	<u>\$ 685</u>	<u>\$ 251</u>	<u>\$ 51</u>	<u>\$ 420</u>	<u>\$ 1,928</u>	<u>\$ 5,068</u>	

	Term Loans Amortized Cost Basis by Origination Year							Revolving Loans Amortized Cost Basis	Total
	2023	2022	2021	2020	2019	Prior			
	(Dollars in thousands)								
<u>Six months ended June 30, 2023</u>									
Commercial real estate owner occupied									
Current-period gross charge-offs	\$ —	\$ 7	\$ 1	\$ 22	\$ 18	\$ —	\$ —	\$ 48	48
Commercial real estate non-owner occupied									
Current-period gross charge-offs	—	—	—	—	—	3	—	—	3
Construction and development < 60 months									
Current-period gross charge-offs	—	2	—	2	—	—	—	—	4
Construction residential real estate < 60 months									
Current-period gross charge-offs	—	—	—	—	—	—	—	—	—
Residential real estate first lien									
Current-period gross charge-offs	—	—	19	21	—	4	—	—	44
Residential real estate all other									
Current-period gross charge-offs	—	4	19	—	1	4	—	—	28
Agriculture									
Current-period gross charge-offs	—	4	—	317	14	2	—	—	337
Commercial non-real estate									
Current-period gross charge-offs	42	101	63	20	—	52	—	—	278
Consumer non-real estate									
Current-period gross charge-offs	29	262	147	29	37	17	17	538	538
Oil and gas									
Current-period gross charge-offs	—	2	—	—	—	—	—	2	2
Total current-period gross charge-offs	<u>\$ 71</u>	<u>\$ 382</u>	<u>\$ 249</u>	<u>\$ 411</u>	<u>\$ 70</u>	<u>\$ 82</u>	<u>\$ 17</u>	<u>\$ 1,282</u>	

Allowance for Credit Losses Methodology

The Company determines its provision for credit losses and allowance for credit losses using the current expected credit loss methodology that is referred to as the current expected credit loss ("CECL") model. The allowance for current expected credit losses is measured on a collective (pool) basis when similar risk characteristics exist. The allowance for credit losses methodology is disclosed in Note (5) to the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

The following tables detail activity in the allowance for credit losses on loans for the period presented. Allocation of a portion of the allowance to one category of loans does not preclude its availability to absorb losses in other categories.

	Balance at beginning of period	Charge-offs	Allowance for Credit Losses			Provision for/(benefit from) credit losses on loans	Balance at end of period
			Recoveries	Net charge-offs (Dollars in thousands)			
Three Months Ended June 30, 2024							
Real estate:							
Commercial real estate owner occupied	\$ 7,468	\$ —	\$ 11	\$ 11	\$ (109)	\$ 7,370	
Commercial real estate non-owner occupied	33,180	(1)	—	(1)	688	33,867	
Construction and development < 60 months	6,596	—	—	—	184	6,780	
Construction residential real estate < 60 months	3,464	—	—	—	55	3,519	
Residential real estate first lien	4,923	(67)	21	(46)	695	5,572	
Residential real estate all other	1,652	—	3	3	74	1,729	
Agriculture	6,137	(19)	5	(14)	(206)	5,917	
Commercial non-real estate	20,482	(780)	280	(500)	1,493	21,475	
Consumer non-real estate	4,335	(510)	58	(452)	500	4,383	
Oil and gas	9,030	—	—	—	(16)	9,014	
Total	\$ 97,267	\$ (1,377)	\$ 378	\$ (999)	\$ 3,358	\$ 99,626	

	Balance at beginning of period	Charge-offs	Allowance for Credit Losses			Provision for/(benefit from) credit losses on loans	Balance at end of period
			Recoveries	Net charge-offs (Dollars in thousands)			
Three Months Ended June 30, 2023							
Real estate:							
Commercial real estate owner occupied	\$ 6,547	\$ —	\$ 3	\$ 3	\$ 258	\$ 6,808	
Commercial real estate non-owner occupied	32,120	—	—	—	1,312	33,432	
Construction and development < 60 months	3,608	(2)	3	1	(169)	3,440	
Construction residential real estate < 60 months	3,226	—	—	—	327	3,553	
Residential real estate first lien	4,454	(42)	10	(32)	333	4,755	
Residential real estate all other	1,444	(2)	1	(1)	218	1,661	
Agriculture	6,268	(302)	7	(295)	453	6,426	
Commercial non-real estate	25,079	(102)	127	25	23	25,127	
Consumer non-real estate	4,232	(398)	35	(363)	475	4,344	
Oil and gas	7,782	(2)	—	(2)	(406)	7,374	
Total	\$ 94,760	\$ (850)	\$ 186	\$ (664)	\$ 2,824	\$ 96,920	

Allowance for Credit Losses										
	Balance at beginning of period	Charge-offs	Recoveries	Net charge-offs (Dollars in thousands)		Provision for/(benefit from) credit losses on loans		Balance at end of period		
Six Months Ended June 30, 2024										
Real estate:										
Commercial real estate owner occupied	\$ 7,483	\$ (15)	\$ 31	\$ 16	\$ (129)	\$ 7,370				
Commercial real estate non-owner occupied	33,080	(14)	—	(14)	801	33,867				
Construction and development < 60 months	3,950	—	—	—	2,830	6,780				
Construction residential real estate < 60 months	3,414	(3)	—	(3)	108	3,519				
Residential real estate first lien	4,914	(90)	25	(65)	723	5,572				
Residential real estate all other	1,646	(29)	8	(21)	104	1,729				
Agriculture	6,137	(50)	17	(33)	(187)	5,917				
Commercial non-real estate	22,745	(3,834)	313	(3,521)	2,251	21,475				
Consumer non-real estate	4,401	(941)	127	(814)	796	4,383				
Oil and gas	9,030	(92)	—	(92)	76	9,014				
Total	\$ 96,800	\$ (5,068)	\$ 521	\$ (4,547)	\$ 7,373	\$ 99,626				

Allowance for Credit Losses										
	Balance at beginning of period	Charge-offs	Recoveries	Net charge-offs (Dollars in thousands)		Provision for/(benefit from) credit losses on loans		Balance at end of period		
Six Months Ended June 30, 2023										
Real estate:										
Commercial real estate owner occupied	\$ 6,416	\$ (48)	\$ 52	\$ 4	\$ 388	\$ 6,808				
Commercial real estate non-owner occupied	30,190	(3)	—	(3)	3,245	33,432				
Construction and development < 60 months	3,778	(4)	6	2	(340)	3,440				
Construction residential real estate < 60 months	3,275	—	—	—	278	3,553				
Residential real estate first lien	4,092	(44)	13	(31)	694	4,755				
Residential real estate all other	1,418	(28)	3	(25)	268	1,661				
Agriculture	6,217	(337)	13	(324)	533	6,426				
Commercial non-real estate	25,106	(278)	149	(129)	150	25,127				
Consumer non-real estate	4,132	(538)	92	(446)	658	4,344				
Oil and gas	8,104	(2)	—	(2)	(728)	7,374				
Total	\$ 92,728	\$ (1,282)	\$ 328	\$ (954)	\$ 5,146	\$ 96,920				

Purchased Credit Deteriorated Loans

The Company has previously purchased loans, for which there was, at acquisition, evidence of more than insignificant deterioration of credit quality since origination. The Company did not purchase credit-deteriorated loans during the six months ended June 30, 2024 and 2023.

Collateral Dependent Loans

A loan is considered collateral-dependent when the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. During the six months ended June 30, 2024 and 2023, no material amount of interest income was recognized on collateral-dependent loans subsequent to their classification as collateral-dependent.

The following tables summarize collateral-dependent gross loans held for investment by collateral type and the related specific allocation as follows:

	Collateral Type				Total	Specific Allocation
	Real Estate	Business Assets	Other Assets	(Dollars in thousands)		
As of June 30, 2024						
Real estate:						
Commercial real estate owner occupied	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Commercial real estate non-owner occupied	643	—	—	—	643	250
Construction and development < 60 months	20,142	—	—	—	20,142	2,825
Construction residential real estate < 60 months	618	—	—	—	618	134
Residential real estate first lien	195	—	—	—	195	66
Residential real estate all other	79	—	—	—	79	81
Agriculture	1,833	401	14	2,248	1,193	
Commercial non-real estate	—	4,140	87	4,227	1,342	
Consumer non-real estate	—	—	236	236	133	
Oil and gas	—	—	—	—	—	
Total collateral-dependent loans held for investment	<u>\$ 23,510</u>	<u>\$ 4,541</u>	<u>\$ 337</u>	<u>\$ 28,388</u>	<u>\$ 6,024</u>	

	Collateral Type				Total	Specific Allocation
	Real Estate	Business Assets	Other Assets	(Dollars in thousands)		
As of December 31, 2023						
Real estate:						
Commercial real estate owner occupied	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Commercial real estate non-owner occupied	632	—	—	—	632	250
Construction and development < 60 months	800	—	—	—	800	225
Construction residential real estate < 60 months	638	—	—	—	638	134
Residential real estate first lien	189	—	—	—	189	62
Residential real estate all other	140	—	—	—	140	140
Agriculture	1,841	593	15	2,449	1,386	
Commercial non-real estate	—	6,090	241	6,331	1,867	
Consumer non-real estate	—	—	147	147	88	
Oil and gas	—	—	—	—	—	
Total collateral-dependent loans held for investment	<u>\$ 4,240</u>	<u>\$ 6,683</u>	<u>\$ 403</u>	<u>\$ 11,326</u>	<u>\$ 4,152</u>	

Non-Cash Transfers from Loans and Premises and Equipment

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

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

	Six Months Ended June 30,		(Dollars in thousands)
	2024	2023	
Other real estate owned	\$ 8,995	\$ 667	
Repossessed assets	1,575	946	
Total	\$ 10,570	\$ 1,613	

(4) INTANGIBLE ASSETS AND GOODWILL

The following is a summary of intangible assets as of the date listed:

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
(Dollars in thousands)			
June 30, 2024			
Core deposit intangibles	\$ 33,550	\$ (18,741)	\$ 14,809
Customer relationship intangibles	3,350	(3,228)	122
Total	<u>\$ 36,900</u>	<u>\$ (21,969)</u>	<u>\$ 14,931</u>
December 31, 2023			
Core deposit intangibles	\$ 33,550	\$ (17,027)	\$ 16,523
Customer relationship intangibles	3,350	(3,169)	181
Total	<u>\$ 36,900</u>	<u>\$ (20,196)</u>	<u>\$ 16,704</u>

The following is a summary of goodwill by business segment:

	BancFirst Metropolitan Banks	BancFirst Community Banks	Pegasus	Worthington	Other Financial Services	Executive, Operations & Support	Consolidated
(Dollars in thousands)							
Six months ended June 30, 2024							

Balance at beginning and end of period	<u>\$ 13,767</u>	<u>\$ 61,420</u>	<u>\$ 68,855</u>	<u>\$ 32,133</u>	<u>\$ 5,464</u>	<u>\$ 624</u>	<u>\$ 182,263</u>
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Additional information for intangible assets can be found in Note (7) to the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

(5) SUBORDINATED DEBT

In January 2004, the Company established BFC Capital Trust II ("BFC II"), a trust formed under the Delaware Business Trust Act. The Company owns all of the common securities of BFC II. In February 2004, BFC II issued \$25 million of aggregate liquidation amount of 7.20% Cumulative Trust Preferred Securities (the "Cumulative Trust Preferred Securities") to other investors. In March 2004, BFC II issued an additional \$1 million in Cumulative Trust Preferred Securities through the execution of an over-allotment option. The Cumulative Trust Preferred Securities qualify as Tier 1 capital under regulatory guidelines. The proceeds from the sale of the Cumulative Trust Preferred Securities and the common securities of BFC II were invested in \$26.8 million of 7.20% Junior Subordinated Debentures of the Company. Interest payments on the \$26.8 million of 7.20% Junior Subordinated Debentures are payable January 15, April 15, July 15 and October 15 of each year. Such interest payments may be deferred for up to twenty consecutive quarters. The stated maturity date of the \$26.8 million of 7.20% Junior Subordinated Debentures is March 31, 2034, but they are subject to mandatory redemption pursuant to optional prepayment terms. The Cumulative Trust Preferred Securities represent an undivided interest in the \$26.8 million of 7.20% Junior Subordinated Debentures and are guaranteed by the Company. During any deferral period or during any event of default, the Company may not declare or pay any dividends on any of its capital stock. The Cumulative Trust Preferred Securities have been callable at par, in whole or in part, since March 31, 2009.

On June 17, 2021, the Company completed a private placement, under Regulation D of the Securities Act of 1933, of \$60 million aggregate principal amount of 3.50% Fixed-to-Floating Rate Subordinated Notes due 2036 (the "Subordinated Notes") to various institutional accredited investors. The sale of the Subordinated Notes was pursuant to a Subordinated Note Purchase Agreement entered into with each of the investors. The Subordinated Notes qualify as Tier 2 capital under regulatory guidelines. The net proceeds to the Company from the sale of the Subordinated Notes were approximately \$59.15 million net of commissions and offering expenses. The Company used the proceeds from the sale of the Subordinated Notes for general corporate purposes. The Subordinated Notes initially bear interest at a fixed rate of 3.50% per annum, from and including June 17, 2021 to but excluding June 30, 2031, payable semi-annually in arrears on June 30 and December 31 of each year, commencing December 31, 2021. Then, from and including June 30, 2031, to but excluding the maturity date, the Subordinated Notes will bear interest at a floating rate equal to the benchmark (initially,

three-month term SOFR), reset quarterly, plus a spread of 229 basis points, payable quarterly in arrears on March 31, June 30, September 30 and December 31 of each year. The Subordinated Notes mature on June 30, 2036.

The Company may, at its option, beginning with the interest payment date of June 30, 2031, and on any scheduled interest payment date thereafter, redeem the Subordinated Notes, in whole or in part. In addition, the Company may redeem all, but not less than all, of the Subordinated Notes at any time upon the occurrence of a "Tier 2 Capital Event," a "Tax Event" or an "Investment Company Event" (each as defined in the Subordinated Notes). Any such redemption is subject to obtaining the prior approval of the Board of Governors of the Federal Reserve System (or its designee). The redemption price with respect to any such redemption will be equal to 100% of the principal amount of the Subordinated Note, or portion thereof, to be redeemed, plus accrued but unpaid interest, if any, thereon to, but excluding, the redemption date.

(6) STOCK-BASED COMPENSATION

On May 25, 2023, the shareholders of the Company adopted the BancFirst Corporation 2023 Restricted Stock Unit Plan (the "RSU Plan"). The RSU Plan was effective as of June 1, 2023 and for a period of ten years thereafter. The RSU Plan will continue in effect after such ten-year period until all matters relating to the payment of awards and administration of the RSU Plan have been settled. At June 30, 2024 there were 462,175 shares available for future grants. The restricted stock units ("RSU's") vest beginning two years from the date of grant at the rate of 20% per year for five years. The RSUs are settled and distributed as of each vesting date. The fair value of each RSU granted is equal to the market price of the Company's stock at the date of grant.

The following table is a summary of the activity under the Company's RSU plan.

	Restricted Stock Units	Wgted. Avg. Grant Date Fair Value
<u>Six Months Ended June 30, 2024</u>		
Nonvested at December 31, 2023	32,075	\$ 87.23
Granted	7,250	88.57
Forfeited	(1,500)	83.61
Nonvested at June 30, 2024	<u>37,825</u>	<u>87.63</u>

The Company has had the BancFirst Corporation Directors' Deferred Stock Compensation Plan (the "Deferred Stock Compensation Plan") since May 1999. As of June 30, 2024, there are 39,525 shares available for future issuance under the Deferred Stock Compensation Plan. The Deferred Stock Compensation Plan will terminate on December 31, 2030, if not extended. Under the plan, directors and members of the community advisory boards of the Company and its subsidiaries may defer up to 100% of their board fees. They are credited for each deferral with a number of stock units based on the current market price of the Company's stock, which accumulate in an account until such time as the director or community board member terminates serving as a board member. Shares of common stock of the Company are then distributed to the terminating director or community board member based upon the number of stock units accumulated in his or her account. There were 5,022 and 17,797 shares of common stock distributed from the Deferred Stock Compensation Plan during the six months ended June 30, 2024 and 2023, respectively.

A summary of the accumulated stock units under the Deferred Stock Compensation Plan is as follows:

	June 30, 2024	December 31, 2023
Accumulated stock units	119,115	119,575
Average price	\$ 42.43	\$ 40.03

The Company terminated the BancFirst Corporation Stock Option Plan (the "Employee Plan") on June 1, 2023. The remaining options will continue to vest and are exercisable beginning four years from the date of grant at the rate of 25% per year for four years, and expire no later than the end of fifteen years from the date of grant.

The Company terminated the BancFirst Corporation Non-Employee Directors' Stock Option Plan (the "Non-Employee Directors' Plan") on June 1, 2023. The remaining options will continue to vest and are exercisable beginning one year from the date of grant at the rate of 25% per year for four years, and expire no later than the end of fifteen years from the date of grant.

The following table is a summary of the activity under both the Employee Plan and the Non-Employee Directors' Plan:

	Options	Wgtd. Avg. Exercise Price	Remaining Contractual Term	Wgtd. Avg.	Aggregate Intrinsic Value
				Wgtd. Avg. Exercise Price	
Six Months Ended June 30, 2024					
Outstanding at December 31, 2023	1,241,391	\$ 53.12			
Options exercised	(84,084)	28.80			
Options canceled, forfeited, or expired	(12,000)	91.64			
Outstanding at June 30, 2024	<u>1,145,307</u>	54.50	<u>9.57 Yrs.</u>	\$ 38,022	
Exercisable at June 30, 2024	<u>502,932</u>	37.51	<u>6.64 Yrs.</u>	\$ 25,243	

The following table has additional information regarding options exercised under both the Employee Plan and the Non-Employee Directors' Plan:

	Three Months Ended June 30,		Six Months Ended June 30,		(Dollars in thousands)
	2024	2023	2024	2023	
Total intrinsic value of options exercised	\$ 3,254	\$ 1,979	\$ 5,085	\$ 2,331	
Cash received from options exercised	1,714	1,318	2,422	1,539	
Tax benefit realized from options exercised	782	475	1,222	560	

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

Although not required or expected, the Company may settle some options or restricted stock units in cash on a limited basis at the discretion of the Company. The Company had no cash settlements during the six months ended June 30, 2024 or 2023.

Stock-based compensation expense is charged to salaries and benefits expense on the Consolidated Statements of Comprehensive Income.

The components of stock-based compensation expense for all share-based compensation plans and related tax benefits are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,		(Dollars in thousands)
	2024	2023	2024	2023	
Stock-based compensation expense	\$ 920	\$ 831	\$ 1,635	\$ 1,213	
Tax benefit	221	200	393	292	
Stock-based compensation expense, net of tax	<u>\$ 699</u>	<u>\$ 631</u>	<u>\$ 1,242</u>	<u>\$ 921</u>	

The Company will continue to amortize the unearned stock-based compensation expense over the remaining weighted average vesting period of approximately five years for unvested stock options and six years for unvested RSUs. The following table shows the unearned stock-based compensation expense for unvested stock options and unvested RSUs:

	June 30, 2024 (Dollars in thousands)
Unearned stock-based compensation expense for unvested stock options	\$ 8,769
Unearned stock-based compensation expense for unvested RSU's	2,940

(7) STOCKHOLDERS' EQUITY

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

The following table is a summary of the shares under the SRP:

	June 30, 2024
Shares remaining to be repurchased	479,784

BancFirst Corporation, BancFirst, Pegasus and Worthington are subject to risk-based capital guidelines issued by the Board of Governors of the Federal Reserve System and the Federal Deposit Insurance Corporation ("FDIC"). These guidelines are used to evaluate capital adequacy and involve both quantitative and qualitative evaluations of assets, liabilities and certain off-balance-sheet items calculated under regulatory practices. Failure to meet the minimum capital requirements can initiate certain mandatory or discretionary actions by the regulatory agencies that could have a direct material effect on the Company's consolidated financial statements. The Company believes that as of June 30, 2024, BancFirst Corporation, BancFirst, Pegasus and Worthington each met all capital adequacy requirements to which they are subject. The actual and required capital amounts and ratios are shown in the following table:

	Actual		Required For Capital Adequacy Purposes		With Capital Conservation Buffer		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
(Dollars in thousands)								
As of June 30, 2024:								
Total Capital (to Risk Weighted Assets)-								
BancFirst Corporation	\$ 1,548,490	17.22%	\$ 719,342	8.00%	\$ 944,136	10.50%	N/A	N/A
BancFirst	1,224,212	16.09%	608,791	8.00%	799,039	10.50%	\$ 760,989	10.00%
Pegasus	143,683	15.85%	72,538	8.00%	95,206	10.50%	90,672	10.00%
Worthington	53,063	11.85%	35,810	8.00%	47,001	10.50%	44,763	10.00%
Common Equity Tier 1 Capital (to Risk Weighted Assets)-								
BancFirst Corporation	\$ 1,363,539	15.16%	\$ 404,630	4.50%	\$ 629,424	7.00%	N/A	N/A
BancFirst	1,119,672	14.71%	342,445	4.50%	532,693	7.00%	\$ 494,643	6.50%
Pegasus	134,727	14.86%	40,802	4.50%	63,470	7.00%	58,937	6.50%
Worthington	48,955	10.94%	20,143	4.50%	31,334	7.00%	29,096	6.50%
Tier 1 Capital (to Risk Weighted Assets)-								
BancFirst Corporation	\$ 1,389,539	15.45%	\$ 539,507	6.00%	\$ 764,301	8.50%	N/A	N/A
BancFirst	1,139,672	14.98%	456,594	6.00%	646,841	8.50%	\$ 608,791	8.00%
Pegasus	134,727	14.86%	54,403	6.00%	77,071	8.50%	72,538	8.00%
Worthington	48,955	10.94%	26,858	6.00%	38,048	8.50%	35,810	8.00%
Tier 1 Capital (to Quarterly Average Assets)-								
BancFirst Corporation	\$ 1,389,539	11.10%	\$ 500,747	4.00%	N/A	N/A	N/A	N/A
BancFirst	1,139,672	10.69%	426,413	4.00%	N/A	N/A	\$ 533,017	5.00%
Pegasus	134,727	10.59%	50,900	4.00%	N/A	N/A	63,624	5.00%
Worthington	48,955	8.44%	23,207	4.00%	N/A	N/A	29,008	5.00%

As of June 30, 2024, BancFirst, Pegasus and Worthington were classified by the Federal Reserve as "well capitalized" under the prompt corrective action provisions. The Common Equity Tier 1 Capital of BancFirst Corporation, BancFirst, Pegasus and Worthington includes common stock and related paid-in capital and retained earnings. In connection with the adoption of the Basel III Capital Rules, the election was made to opt-out of the requirement to include most components of accumulated other comprehensive income in Common Equity Tier 1 Capital. Common Equity Tier 1 Capital for BancFirst Corporation, BancFirst, Pegasus and Worthington is reduced by goodwill and other intangible assets, net of associated deferred tax liabilities. The Company's trust preferred securities qualify as Tier 1 capital and its Subordinated Notes qualify as Tier 2 capital. The Company's Subordinated Notes have been structured to qualify as Tier 2 capital under bank regulatory guidelines. BancFirst, Pegasus and Worthington have had no events or conditions that management believes would materially change their category under capital requirements existing as of the report dates.

(8) NET INCOME PER COMMON SHARE

Basic and diluted net income per common share are calculated as follows:

	Three Months Ended June 30, 2024		Six Months Ended June 30, 2024		2023	
	2024	2023	2024	2023	(Dollars in thousands, except per share data)	
(Numerator)						
Income available to common stockholders	\$ 50,641	\$ 55,010	\$ 100,975	\$ 112,543		
(Denominator)						
Weighted average shares outstanding for basic earnings per common share	33,001,180	32,920,497	32,974,582	32,906,753		
Dilutive effect of stock compensation	523,881	546,757	545,665	559,178		
Weighted-average shares outstanding for diluted earnings per common share	<u>33,525,061</u>	<u>33,467,254</u>	<u>33,520,247</u>	<u>33,465,931</u>		
Basic earnings per share	\$ 1.53	\$ 1.67	\$ 3.06	\$ 3.42		
Diluted earnings per share	\$ 1.51	\$ 1.64	\$ 3.01	\$ 3.36		

The following table shows the number of options and RSU's that were excluded from the computation of diluted net income per common share for each period because they were anti-dilutive for the period:

	Shares
Three Months Ended June 30, 2024	260,548
Three Months Ended June 30, 2023	305,407
Six Months Ended June 30, 2024	262,251
Six Months Ended June 30, 2023	307,608

(9) FAIR VALUE MEASUREMENTS

Accounting standards define fair value as the price that would be received to sell an asset or the price paid to transfer a liability in the principal or most advantageous market available to the entity in an orderly transaction between market participants on the measurement date.

FASB Accounting Standards Codification ("ASC") Topic 820 establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

- Level 1 Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation. This category includes certain collaterally dependent loans, repossessed assets, other real estate owned, goodwill and other intangible assets.

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

A description of the valuation methodologies and key inputs used to measure financial assets and financial liabilities at fair value on a recurring basis, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below. These valuation methodologies were applied to the following categories of the Company's financial assets and financial liabilities.

Debt Securities Available for Sale

Debt securities classified as available for sale are reported at fair value. U.S. Treasuries are valued using Level 1 inputs. Other debt securities available for sale including U.S. federal agencies, registered mortgage backed debt securities and state and political subdivisions are valued using prices from an independent pricing service utilizing Level 2 data. The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayment speeds, credit information and a bond's terms and conditions, among other things. The Company also invests in private label mortgage backed debt securities for which observable information is not readily available. These debt securities are reported at fair value utilizing Level 3 inputs. For these debt securities, management determines the fair value based on replacement cost, the income approach or information provided by outside consultants or lead investors. Discount rates are primarily based on reference to interest rate spreads on comparable debt securities of similar duration and credit rating as determined by the nationally recognized rating agencies adjusted for a lack of trading volume. Significant unobservable inputs are developed by investment securities professionals involved in the active trading of similar debt securities.

The Company reviews the prices for Level 1 and Level 2 debt securities supplied by the independent pricing service for reasonableness and to ensure such prices are aligned with traditional pricing matrices. In general, the Company does not purchase investment portfolio debt securities that are esoteric or that have complicated structures. The Company's portfolio primarily consists of traditional investments including U.S. Treasury obligations, federal agency mortgage pass-through debt securities, general obligation municipal bonds and municipal revenue bonds. Pricing for such instruments is easily obtained. For in-state bond issues that have relatively low issue sizes and liquidity, the Company utilizes the same parameters for pricing mentioned in the preceding paragraph adjusted for the specific issue. Periodically, the Company will validate prices supplied by the independent pricing service by comparison to prices obtained from third party sources.

Derivatives

Derivatives are reported at fair value utilizing Level 2 inputs. The Company obtains dealer and market quotations to value its oil and gas swaps and options. The Company utilizes dealer quotes and observable market data inputs to substantiate internal valuation models.

The following table summarizes financial assets and financial liabilities measured at fair value on a recurring basis as of the periods presented, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs (Dollars in thousands)	Total Fair Value
<u>June 30, 2024</u>				
Debt securities available for sale:				
U.S. Treasury	\$ 1,390,782	\$ —	\$ —	\$ 1,390,782
U.S. federal agencies	—	9,683	—	9,683
Mortgage-backed securities	—	13,908	—	13,908
States and political subdivisions	—	9,801	150	9,951
Asset backed securities	—	9,381	—	9,381
Other debt securities	—	6,822	—	6,822
Derivative assets	—	15,239	—	15,239
Derivative liabilities	—	13,420	—	13,420
<u>December 31, 2023</u>				
Debt securities available for sale:				
U.S. Treasury	\$ 1,498,045	\$ —	\$ —	\$ 1,498,045
U.S. federal agencies	—	11,770	—	11,770
Mortgage-backed securities	—	14,795	—	14,795
States and political subdivisions	—	9,830	180	10,010
Asset backed securities	—	12,512	—	12,512
Other debt securities	—	6,773	—	6,773
Derivative assets	—	41,099	—	41,099
Derivative liabilities	—	39,176	—	39,176

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

	Six Months Ended June 30, 2024	Twelve Months Ended December 31, 2023
	(Dollars in thousands)	
Balance at the beginning of the year	\$ 180	\$ 454
Transfers to level 2	—	(244)
Settlements	(30)	(30)
Balance at the end of the period	<u><u>\$ 150</u></u>	<u><u>\$ 180</u></u>

The Company's policy is to recognize transfers in and transfers out of Levels 1, 2 and 3 as of the end of the reporting period. During the six months ended June 30, 2024, the Company did not transfer any debt securities. During the year ended December 31, 2023, the Company transferred debt securities from Level 3 to Level 2 due to a review of the pricing models that determined some state and political subdivision securities to be Level 2.

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

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

The Company invests in equity securities without readily determinable fair values and utilizes Level 3 inputs. These equity securities are reported at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. The realized and unrealized gains and losses are reported as securities transactions in the noninterest income section of the consolidated statements of comprehensive income.

Collateral dependent loans are reported at the fair value of the underlying collateral if repayment is dependent on liquidation of the collateral. When the Company determines that foreclosure is probable or when the borrower is experiencing financial difficulty at the reporting date and repayment is expected to be provided substantially through the operation or sale of the collateral, expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate. In no case does the fair value of a collateral dependent loan exceed the fair value of the underlying collateral. The collateral dependent loans are adjusted to fair value through a specific allocation of the allowance for credit losses or a direct charge-down of the loan.

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

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

The following table summarizes assets measured at fair value on a nonrecurring basis during the period presented. These nonrecurring fair values do not represent all assets, only those assets that have been adjusted during the reporting period:

	Total Fair Value Level 3 (Dollars in thousands)
<u>As of and for the Year-to-date Period Ended June 30, 2024</u>	
Equity securities	\$ 13,331
Collateral dependent loans	230
Repossessed assets	657
Other real estate owned	6,838
<u>As of and for the Year-to-date Period Ended December 31, 2023</u>	
Equity securities	\$ 13,144
Collateral dependent loans	1,894
Repossessed assets	474
Other real estate owned	31,773

Estimated Fair Value of Financial Instruments

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

Cash and Cash Equivalents Include: Cash and Due from Banks and Interest-Bearing Deposits with Banks

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

Federal Funds Sold

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

Debt Securities Held for Investment

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

Loans Held For Sale

The Company originates mortgage loans to be sold. At the time of origination, the acquiring bank has already been determined and the terms of the loan, including interest rate, have already been set by the acquiring bank, allowing the Company to originate the loan at fair value. Mortgage loans are generally sold within 30 days of origination. Loans held for sale are valued using Level 2 inputs. Gains or losses recognized upon the sale of the loans are determined on a specific identification basis.

Loans Held For Investment

To determine the fair value of loans held for investment, the Company uses an exit price calculation, which takes into account factors such as liquidity, credit and the nonperformance risk of loans. For certain homogeneous categories of loans, such as some residential mortgages, fair values are estimated using the quoted market prices for securities backed by similar loans, adjusted for differences in loan characteristics. The fair values of other types of loans are estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

Deposits

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

Short-Term Borrowings

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

Subordinated Debt

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

Loan Commitments and Letters of Credit

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

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

	June 30, 2024	December 31, 2023	
	Carrying Amount	Fair Value	Carrying Amount
	(Dollars in thousands)		
FINANCIAL ASSETS			
Level 2 inputs:			
Cash and cash equivalents	\$ 2,493,292	\$ 2,493,292	\$ 2,397,463
Federal funds sold	1,102	1,102	1,316
Debt securities held for investment	3	3	5
Loans held for sale	7,408	7,408	3,489
Level 3 inputs:			
Debt securities held for investment	835	835	1,185
Loans, net of allowance for credit losses	7,947,822	8,692,589	7,559,845
FINANCIAL LIABILITIES			
Level 2 inputs:			
Deposits	11,015,602	10,511,836	10,700,122
Short-term borrowings	4,264	4,264	3,351
Subordinated debt	86,129	77,459	86,101
OFF-BALANCE-SHEET FINANCIAL INSTRUMENTS			
Loan commitments		4,510	4,875
Letters of credit		671	637

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

The Company has no non-financial assets or non-financial liabilities measured at fair value on a recurring basis. In addition, the Company has no non-financial liabilities measured at fair value on a nonrecurring basis. Non-financial assets measured at fair value on a nonrecurring basis include intangible assets. The intangible assets are evaluated at least annually for impairment. The overall levels of non-financial assets measured at fair value on a nonrecurring basis were not considered to be significant to the Company at June 30, 2024 or December 31, 2023.

(10) DERIVATIVE FINANCIAL INSTRUMENTS

The Company enters into oil and gas swaps and options contracts to accommodate the business needs of its customers. Upon the origination of an oil or gas swap or option contract with a customer, to mitigate the exposure to fluctuations in oil and gas prices, the Company simultaneously enters into an offsetting contract with a counterparty. These derivatives are not designated as hedged instruments and are recorded on the Company's consolidated balance sheet at fair value and are included in other assets. The Company's derivative financial instruments require a daily margin to be posted, which fluctuates with oil and gas prices. At June 30, 2024, the Company had a margin asset included in other assets in the amount of \$7.2 million. At December 31, 2023, the Company had a margin liability in other liabilities in the amount of \$15.5 million.

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

<u>Oil and Natural Gas Swaps and Options</u>	Notional Units	June 30, 2024		December 31, 2023	
		Notional Amount	Estimated Fair Value	Notional Amount	Estimated Fair Value
(Notional amounts and dollars in thousands)					
Oil					
Derivative assets	Barrels	3,866	\$ 4,033	3,896	\$ 20,567
Derivative liabilities	Barrels	(3,866)	(3,097)	(3,896)	(19,512)
Gas/Natural Gas Liquids					
Derivative assets	MMBTUs/Gallons	39,502	11,206	46,140	20,532
Derivative liabilities	MMBTUs/Gallons	(39,502)	(10,323)	(46,140)	(19,664)
Total Fair Value	Included in				
Derivative assets	Other assets		15,239		41,099
Derivative liabilities	Other liabilities		(13,420)		(39,176)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Derivative income	\$ 94	\$ 260	\$ 197	\$ 349

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

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

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

	June 30, 2024		December 31, 2023	
	(Dollars in thousands)			
Credit exposure	\$ 7,134		\$ 39,527	

Balance Sheet Offsetting

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

(11) SEGMENT INFORMATION

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

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

	BancFirst Metropolitan Banks	BancFirst Community Banks	Pegasus	Worthington	Other Financial Services (Dollars in thousands)	Executive, Operations & Support	Eliminations	Consolidated
Three Months Ended June 30, 2024								
Net interest income	\$ 29,139	\$ 61,710	\$ 11,363	\$ 4,462	\$ 1,103	\$ 2,119	\$ —	\$ 109,896
Noninterest income	5,562	16,886	339	250	13,513	58,064	(50,670)	43,944
Income before taxes	21,209	42,267	6,112	744	4,139	41,225	(50,530)	65,166
Three Months Ended June 30, 2023								
Net interest income	\$ 29,269	\$ 57,617	\$ 13,509	\$ 4,123	\$ 1,058	\$ 350	\$ —	\$ 105,926
Noninterest income	7,090	19,986	467	255	12,350	63,688	(55,862)	47,974
Income before taxes	21,588	43,184	9,857	791	4,298	45,925	(55,677)	69,966
Six Months Ended June 30, 2024								
Net interest income	\$ 57,332	\$ 121,721	\$ 22,230	\$ 8,851	\$ 2,122	\$ 3,744	\$ —	\$ 216,000
Noninterest income	10,731	32,804	659	471	28,676	116,492	(100,989)	88,844
Income before taxes	43,540	81,059	9,257	1,413	10,474	84,296	(100,663)	129,376
Six Months Ended June 30, 2023								
Net interest income	\$ 60,008	\$ 115,302	\$ 28,660	\$ 8,747	\$ 2,000	\$ 365	\$ —	\$ 215,082
Noninterest income	13,177	39,518	681	534	26,522	129,831	(114,461)	95,802
Income before taxes	44,898	86,783	19,501	2,421	10,462	94,342	(114,096)	144,311
Total Assets:								
June 30, 2024	\$ 3,365,250	\$ 7,489,606	\$ 1,360,612	\$ 622,902	\$ 121,308	\$ 1,392,169	\$ (1,614,529)	\$ 12,737,318
December 31, 2023	3,598,888	7,012,905	1,280,618	600,364	121,601	1,307,714	(1,550,048)	12,372,042

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

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

The following discussion and analysis of our financial condition as of June 30, 2024 and December 31, 2023 and results of operations for the three and six months ended June 30, 2024 should be read in conjunction with our consolidated financial statements and notes to the consolidated financial statements for the year ended December 31, 2023, and the other information included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023. Certain risks, uncertainties and other factors, including those set forth under "Risk Factors" in Part I, Item 1A of the 2023 Form 10-K, and "Item 1A, Risk Factors" in this Quarterly Report on Form 10-Q, may cause actual results to differ materially from the results discussed in the forward-looking statements appearing in this discussion and analysis.

FORWARD LOOKING STATEMENTS

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

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

- Potential impacts of the adverse developments in the banking industry driven by high-profile bank failures, including impacts on customer confidence, demand deposit outflows and the regulatory response thereto.
- Deterioration in the market for commercial office property could have an adverse effect on the value of the Company's other real estate owned as well as commercial office collateral for the Company's commercial real estate loans.
- Political pressures could further limit our ability to charge NSF and overdraft fees.
- A continuing shift in deposit mix could negatively impact net interest margin.
- Changes in interest rates.
- The increased time, effort and noninterest expense related to ongoing and increased regulations from the Federal Reserve, the Consumer Financial Protection Bureau and the Securities and Exchange Commission, including requirements related to environmental, social and governance issues and climate disclosures.
- Local, regional, national and international economic conditions and the impact they may have on the Company and its customers.
- Changes in the mix of loan geographies, sectors and types or the level of non-performing assets and charge-offs.
- Inflation, including wage inflation, energy prices, securities markets and monetary fluctuations.
- Impairment of the Company's goodwill or other intangible assets.
- Changes in consumer spending, borrowing and savings habits.
- Changes in the financial performance and/or condition of the Company's borrowers, including the impact of rising interest rates.
- Technological changes.
- Cyber threats.
- The effect of changes in accounting policies and practices, as may be adopted by the regulatory agencies, as well as the Public Company Accounting Oversight Board, the Financial Accounting Standards Board and other accounting standard setters.

•The Company's success at managing the risks involved in the foregoing items.

Actual results may differ materially from forward-looking statements.

SUMMARY

The Company's net income for the second quarter of 2024 was \$50.6 million, compared to \$55.0 million for the second quarter of 2023. Diluted net income per common share was \$1.51 and \$1.64 for the second quarter of 2024 and 2023, respectively.

The Company's net interest income for the second quarter of 2024 increased to \$109.9 million from \$105.9 million for the second quarter of 2023. Higher loan volume was the primary driver of the change in net interest income, which was partially offset by the impact of the shifting mix between interest-bearing and noninterest-bearing deposits. Net interest margin for the second quarter of 2024 was 3.76% compared to 3.87% for the second quarter of 2023. For the second quarter of 2024, the Company recorded a provision for credit losses of \$3.4 million compared to \$2.8 million for the second quarter of 2023.

Noninterest income for the second quarter of 2024 totaled \$43.9 million compared to \$48.0 million for the second quarter of 2023. The decrease in noninterest income was primarily due to an approximate \$5.7 million reduction of interchange fees related to the impact of the Durbin Amendment. Trust revenue, treasury income, sweep fees and insurance commissions each increased when compared to second quarter last year.

Noninterest expense for the second quarter of 2024 increased to \$85.3 million compared to \$81.1 million for the second quarter of 2023. The increase in noninterest expense was primarily related to growth in salaries and employee benefits of \$2.1 million.

The Company's effective tax rate was 22.3% for the second quarter of 2024 compared to 21.4% for the second quarter of 2023.

At June 30, 2024, the Company's total assets were \$12.7 billion, an increase of \$365.3 million from December 31, 2023. Loans grew \$394.7 million from December 31, 2023, totaling \$8.1 billion at June 30, 2024. Deposits totaled \$11.0 billion, an increase of \$315.5 million from December 31, 2023. Off-balance-sheet sweep accounts totaled \$4.5 billion at June 30, 2024, up \$153.9 million from December 31, 2023. The Company's total stockholders' equity at June 30, 2024 was \$1.5 billion, an increase of \$78.6 million over December 31, 2023.

The Company's nonaccrual loans totaled \$44.0 million, representing 0.55% of total loans at June 30, 2024 compared to 0.32% at year-end 2023. The allowance for credit losses to total loans was 1.24% at June 30, 2024, compared to 1.26% at the end of 2023. Net charge-offs were \$1.0 million for the second quarter of 2024 compared to \$664,000 for the second quarter of 2023.

FUTURE APPLICATION OF ACCOUNTING STANDARDS

See Note (1) of the Notes to the Consolidated Financial Statements for disclosures regarding recently issued accounting pronouncements since December 31, 2023, the date of its most recent annual report to stockholders.

SEGMENT INFORMATION

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

RESULTS OF OPERATIONS

Average Balances, Income, Expenses and Rates

The following table presents certain information related to the Company's consolidated average balance sheet, average yields on assets and average costs of liabilities. Such yields are derived by dividing income or expense by the average balance of the corresponding assets or liabilities. For these computations: (i) average balances are derived from daily averages, (ii) information is shown on a taxable-equivalent basis assuming a 21% tax rate, and (iii) nonaccrual loans are included in the average loan balances and any interest on such nonaccrual loans is recognized on a cash basis. Loan fees included in interest income were \$5.5 million for the three months ended June 30, 2024 compared to \$5.7 million for the three months ended June 30, 2023. Loan fees included in interest income were \$10.9 million for the six months ended June 30, 2024 compared to \$11.3 million for the six months ended June 30, 2023.

BANCFIRST CORPORATION
CONSOLIDATED AVERAGE BALANCE SHEETS AND INTEREST MARGIN ANALYSIS
(Unaudited)
Taxable Equivalent Basis
(Dollars in thousands)

	Three Months Ended June 30,					
	2024	2023	Average	Average	Interest	Average
	Average	Interest	Yield/	Balance	Income/	Yield/
ASSETS	Average	Interest	Yield/	Balance	Income/	Yield/
Earning assets:						
Loans (1)	\$ 7,912,469	\$ 137,846	6.99%	\$ 7,247,283	\$ 114,708	6.35%
Securities – taxable	1,488,850	8,932	2.41	1,604,422	9,408	2.35
Securities – tax exempt	2,408	23	3.79	3,251	29	3.59
Federal funds sold and interest-bearing deposits with banks	2,322,951	31,805	5.49	2,131,325	26,775	5.04
Total earning assets	11,726,678	178,606	6.11	10,986,281	150,920	5.51
Nonearning assets:						
Cash and due from banks	203,664			200,165		
Interest receivable and other assets	808,283			820,731		
Allowance for credit losses	(97,935)			(95,887)		
Total nonearning assets	914,012			925,009		
Total assets	<u>\$ 12,640,690</u>			<u>\$ 11,911,290</u>		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Interest-bearing liabilities:						
Money market and interest-bearing checking deposits	\$ 4,920,793	\$ 45,296	3.69%	\$ 4,207,288	\$ 32,673	3.11%
Savings deposits	1,076,338	9,222	3.44	1,092,840	6,631	2.43
Time deposits	1,134,460	12,961	4.58	747,101	4,428	2.38
Short-term borrowings	4,593	59	5.14	10,211	129	5.04
Subordinated debt	86,120	1,031	4.80	86,063	1,031	4.81
Total interest-bearing liabilities	7,222,304	68,569	3.81	6,143,503	44,892	2.93
Interest-free funds:						
Noninterest-bearing deposits	3,819,196			4,328,005		
Interest payable and other liabilities	119,175			109,732		
Stockholders' equity	1,480,015			1,330,050		
Total interest free funds	5,418,386			5,767,787		
Total liabilities and stockholders' equity	<u>\$ 12,640,690</u>			<u>\$ 11,911,290</u>		
Net interest income						
	<u>\$ 110,037</u>				<u>\$ 106,028</u>	
Net interest spread						
		<u>2.30%</u>				<u>2.58%</u>
Effect of interest free funds						
		<u>1.46%</u>				<u>1.29%</u>
Net interest margin						
		<u>3.76%</u>				<u>3.87%</u>

BANCFIRST CORPORATION
CONSOLIDATED AVERAGE BALANCE SHEETS AND INTEREST MARGIN ANALYSIS
(Uaudited)
Taxable Equivalent Basis
(Dollars in thousands)

	Six Months Ended June 30,			2023		
	2024	Average Interest Income/ Expense	Average Yield/ Rate	Average Balance	Interest Income/ Expense	Average Yield/ Rate
ASSETS						
Earning assets:						
Loans (1)	\$ 7,821,611	\$ 270,095	6.93%	\$ 7,127,174	\$ 9	6.20%
Debt securities – taxable	1,523,328	18,113	2.38	1,588,439	18,399	2.34
Debt securities – tax exempt	2,525	48	3.77	3,366	38	2.29
Federal funds sold and interest-bearing deposits with banks	2,267,869	62,121	5.49	2,463,587	58,827	4.82
Total earning assets	11,615,333	350,377	6.05	11,182,566	296,453	5.35
Nonearning assets:						
Cash and due from banks	202,982			209,115		
Interest receivable and other assets	806,429			808,094		
Allowance for credit losses	(97,498)			(94,609)		
Total nonearning assets	911,913			922,600		
Total assets	<u>\$ 12,527,246</u>			<u>\$ 12,105,166</u>		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Interest-bearing liabilities:						
Money market and interest-bearing checking deposits	\$ 4,867,783	\$ 89,513	3.69%	\$ 4,211,766	\$ 59,540	2.85%
Savings deposits	1,066,532	18,225	3.43	1,113,821	11,887	2.15
Time deposits	1,080,750	24,154	4.48	726,558	7,482	2.08
Short-term borrowings	6,306	155	4.92	8,537	212	5.00
Subordinated debt	86,113	2,061	4.80	86,056	2,061	4.83
Total interest-bearing liabilities	7,107,484	134,108	3.78	6,146,738	81,182	2.66
Interest-free funds:						
Noninterest-bearing deposits	3,831,283			4,561,214		
Interest payable and other liabilities	125,536			94,817		
Stockholders' equity	1,462,943			1,302,397		
Total interest free funds	5,419,762			5,958,428		
Total liabilities and stockholders' equity	<u>\$ 12,527,246</u>			<u>\$ 12,105,166</u>		
Net interest income		<u>\$ 216,269</u>			<u>\$ 215,271</u>	
Net interest spread			2.27%			2.69%
Effect of interest free funds			1.46%			1.19%
Net interest margin			3.73%			3.88%

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

BANCFIRST CORPORATION
SELECTED CONSOLIDATED FINANCIAL DATA
(Uaudited)
(Dollars in thousands, except per share data)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2024	2023	2024	2023		
Income Statement Data						
Net interest income	\$ 109,896	\$ 105,926	\$ 216,000	\$ 215,082		
Provision for credit losses	3,358	2,824	7,373	5,146		
Securities transactions	317	110	50	(103)		
Total noninterest income	43,944	47,974	88,844	95,802		
Salaries and employee benefits	51,928	49,803	103,456	99,055		
Total noninterest expense	85,316	81,110	168,095	161,427		
Net income	50,641	55,010	100,975	112,543		
Per Common Share Data						
Net income – basic	\$ 1.53	\$ 1.67	\$ 3.06	\$ 3.42		
Net income – diluted	1.51	1.64	3.01	3.36		
Cash dividends	0.43	0.40	0.86	0.80		
Performance Data						
Return on average assets	1.61 %	1.85 %	1.62 %	1.87 %		
Return on average stockholders' equity	13.72	16.59	13.84	17.43		
Cash dividend payout ratio	28.10	23.95	28.10	23.39		
Net interest spread	2.30	2.58	2.27	2.69		
Net interest margin	3.76	3.87	3.73	3.88		
Efficiency ratio	55.46	52.70	55.14	51.93		
Net charge-offs to average loans	0.01	0.01	0.06	0.01		

Net Interest Income

For the three months ended June 30, 2024, net interest income, which is the Company's principal source of operating revenue, increased \$4.0 million or 3.7% compared to the three months ended June 30, 2023. Higher loan volume was the primary driver of the change in net interest income, which was partially offset by the impact of the shifting mix between interest-bearing and noninterest-bearing deposits. Net interest margin is the ratio of taxable-equivalent net interest income to average earning assets for the period. The Company's net interest margin for the second quarter of 2024 decreased compared to the second quarter of 2023.

Net interest income for the six months ended June 30, 2024 increased \$918,000 or 0.4% compared to the six months ended June 30, 2023. Higher loan volume was the primary driver to the increase. The Company's net interest margin for the six months ended June 30, 2024 decreased compared to the six months ended June 30, 2023.

Changes in the volume of earning assets and interest-bearing liabilities and changes in interest rates, determine the changes in net interest income. The following volume/rate analysis summarizes the relative contribution of each of these components to the changes in net interest income.

VOLUME/RATE ANALYSIS
Taxable Equivalent Basis

The following table presents the change in net interest income for the three months ended June 30, 2024 compared to the three months ended June 30, 2023.

	Total	Due to Volume(1) (Dollars in thousands)	Due to Rate
INCREASE (DECREASE)			
Interest Income:			
Loans	\$ 23,138	\$ 10,679	\$ 12,459
Securities—taxable	(476)	(646)	170
Securities—tax exempt	(6)	(7)	1
Federal funds sold and interest-bearing deposits with banks	5,030	2,935	2,095
Total interest income	27,686	12,961	14,725
Interest Expense:			
Money market and interest-bearing checking deposits	12,623	6,439	6,184
Savings deposits	2,591	(102)	2,693
Time deposits	8,533	3,055	5,478
Short-term borrowings	(70)	(81)	11
Subordinated debt	—	1	(1)
Total interest expense	23,677	9,312	14,365
Net interest income	<u>\$ 4,009</u>	<u>\$ 3,649</u>	<u>\$ 360</u>

(1) The effects of changes in the mix of earning assets and interest-bearing liabilities have been combined with the changes due to volume.

The following table presents the change in net interest income for the six months ended June 30, 2024 compared to the six months ended June 30, 2023.

	Total	Due to Volume(1) (Dollars in thousands)	Due to Rate
INCREASE (DECREASE)			
Interest Income:			
Loans	\$ 50,906	\$ 22,966	\$ 27,940
Securities—taxable	(286)	(611)	325
Securities—tax exempt	10	(9)	19
Federal funds sold and interest-bearing deposits with banks	3,294	(3,946)	7,240
Total interest income	53,924	18,400	35,524
Interest Expense:			
Money market and interest-bearing checking deposits	29,973	11,895	18,078
Savings deposits	6,338	(441)	6,779
Time deposits	16,672	4,535	12,137
Short-term borrowings	(57)	(73)	16
Subordinated debt	—	12	(12)
Total interest expense	52,926	15,928	36,998
Net interest income	<u>\$ 998</u>	<u>\$ 2,472</u>	<u>\$ (1,474)</u>

(1) The effects of changes in the mix of earning assets and interest-bearing liabilities have been combined with the changes due to volume.

Provision for Credit Losses

The Company establishes an allowance as an estimate of the expected credit losses in the loan portfolio at the balance sheet date. Management believes the allowance for credit losses is appropriate based upon management's best estimate of expected losses within the existing loan portfolio. Should any of the factors considered by management in evaluating the appropriate level of the allowance for credit losses change, the Company's estimate of expected credit losses could also change which could affect the amount of future provisions for credit losses.

The increased provision for credit losses for the three months ended June 30, 2024 compared to the three months ended June 30, 2023 was primarily due to loan growth. Net loan charge-offs were \$1.0 million for the second quarter of 2024 compared to net loan charge-offs of \$664,000 for the second quarter of 2023.

The increased provision for credit losses for the six months ended June 30, 2024 compared to the six months ended June 30, 2023 was primarily due to loan growth. Net loan charge-offs were \$4.5 million for the six months ended June 30, 2024, compared to \$954,000 for the same period of the prior year.

Noninterest Income

Noninterest income decreased by \$4.0 million for the second quarter of 2024 compared to the second quarter of 2023. The decrease in noninterest income was primarily due to an approximate \$5.7 million reduction of interchange fees related to the impact of the Durbin Amendment. Trust revenue, treasury income, sweep fees and insurance commissions each increased when compared to last year.

Noninterest income included non-sufficient funds ("NSF") and overdraft fees totaling \$7.3 million and \$6.6 million for the three months ended June 30, 2024 and 2023, respectively. This represents 16.6% and 13.8% of the Company's noninterest income for the respective periods. In addition, the Company had debit card usage and interchange fees totaling \$6.8 million and \$12.4 million during the three months ended June 30, 2024 and 2023, respectively. This represents 15.4% and 25.9% of the Company's noninterest income for the respective periods.

Noninterest income decreased by \$7.0 million for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. The decrease in noninterest income was primarily due to an approximate \$10.9 million reduction of interchange fees related to the impact of the Durbin Amendment. Trust revenue, treasury income, sweep fees and insurance commissions each increased when compared to last year.

Noninterest income included NSF and overdraft fees totaling \$14.4 million and \$13.1 million during the six months ended June 30, 2024 and 2023, respectively. This represents 16.2% and 13.7% of the Company's noninterest income for the respective periods. In addition, the Company had debit card usage and interchange fees totaling \$13.3 million and \$24.4 million during the six months ended June 30, 2024 and 2023, respectively. This represents 15.0% and 25.5% of the Company's noninterest income for the respective periods.

The Company is subject to political pressures that could limit our ability to charge for NSF and overdraft fees. Over the last few years the Company lowered the rates charged on NSF and overdraft fees. Also, the Company became subject to the reduced interchange fees under the Durbin Amendment effective July 1, 2023. Consequently, the Company's interchange fee revenue was reduced by approximately \$11.2 million in the last half of 2023 and \$10.9 million in the first half of 2024.

Noninterest Expense

Noninterest expense increased by \$4.2 million for second quarter of 2024 compared to the second quarter of 2023. The increase in noninterest expenses was primarily related to growth in salaries and employee benefits of \$2.1 million.

For the six months ended June 30, 2024, noninterest expense increased by \$6.7 million compared to the six months ended June 30, 2023. Higher noninterest expenses in 2024 was primarily related to growth in salaries and employee benefits of \$4.4 million.

Income Taxes

The Company's effective tax rate was 22.3% for the second quarter of 2024, compared to 21.4% for the second quarter of 2023.

The Company's effective tax rate was 22.0% for the first six months of 2024 and 2023.

The primary reasons for the difference between the Company's effective tax rate and the federal statutory rate were tax-exempt income, nondeductible expenses, federal and state tax credits and state tax expense.

FINANCIAL POSITION

BANCFIRST CORPORATION
SELECTED CONSOLIDATED FINANCIAL DATA
(Dollars in thousands, except per share data)

	June 30, 2024 (unaudited)	December 31, 2023
Balance Sheet Data		
Total assets	\$ 12,737,318	\$ 12,372,042
Total loans (net of unearned interest)	8,054,856	7,660,134
Allowance for credit losses	99,626	96,800
Debt securities	1,441,365	1,555,095
Deposits	11,015,602	10,700,122
Stockholders' equity	1,512,492	1,433,891
Book value per share	45.80	43.54
Tangible book value per share (non-GAAP)(1)	39.83	37.50
Reconciliation of Tangible Book Value per Common Share (non-GAAP)(2)		
Stockholders' equity	\$ 1,512,492	\$ 1,433,891
Less goodwill	182,263	182,263
Less intangible assets, net	14,931	16,704
Tangible stockholders' equity (non-GAAP)	<u>\$ 1,315,298</u>	<u>\$ 1,234,924</u>
Common shares outstanding	33,022,124	32,933,018
Tangible book value per share (non-GAAP)	\$ 39.83	\$ 37.50
Selected Financial Ratios		
Balance Sheet Ratios:		
Average loans to deposits (year-to-date)	72.11 %	68.87 %
Average earning assets to total assets (year-to-date)	92.72	92.39
Average stockholders' equity to average assets (year-to-date)	11.68	11.03
Asset Quality Data		
Loans past due 90 days and still accruing	\$ 4,280	\$ 9,542
Nonaccrual loans (3)	44,021	24,573
Other real estate owned and repossessed assets	38,497	34,200
Asset Quality Ratios:		
Nonaccrual loans to total loans	0.55 %	0.32 %
Allowance for credit losses to total loans	1.24	1.26
Allowance for credit losses to nonaccrual loans	226.32	393.92

(1) Refer to the "Reconciliation of Tangible Book Value per Common Share (non-GAAP)" Table.

(2) Tangible book value per common share is stockholders' equity less goodwill and intangible assets, net, divided by common shares outstanding. This amount is a non-GAAP financial measure but has been included as it is considered to be a critical metric with which to analyze and evaluate the financial condition and capital strength of the Company. This measure should not be considered a substitute for operating results determined in accordance with GAAP.

(3) Government agencies guaranteed approximately \$8.5 million of nonaccrual loans at June 30, 2024.

Cash and Due from Banks, Federal Funds Sold and Interest-Bearing Deposits with Banks

The aggregate of cash and due from banks, federal funds sold and interest-bearing deposits with banks increased by \$95.6 million or 4.0%, to \$2.5 billion from December 31, 2023 to June 30, 2024. The increase was related to an increase of interest-bearing deposits.

Securities

At June 30, 2024, total debt securities decreased \$113.7 million, or 7.3% compared to December 31, 2023. The size of the Company's securities portfolio is determined by the Company's liquidity and asset/liability management. The net unrealized loss on debt securities available for sale, before taxes, was \$63.2 million at June 30, 2024, compared to a net unrealized loss of \$65.5 million at December 31, 2023. These unrealized losses, net of income tax, are included in the Company's stockholders' equity as accumulated other comprehensive loss in the amounts of \$48.2 million at June 30, 2024 and \$50.0 million at December 31, 2023. During the six months ended June 30, 2024, the Company purchased \$270,000 of debt securities and did not sell any debt securities.

See Note (2) of the Notes to Consolidated Financial Statements for disclosures regarding the Company's securities.

Loans

At June 30, 2024, total loans increased \$394.7 million or 5.2% compared to December 31, 2023 as a result of internal loan growth. The internal loan growth was primarily from the Company's Oklahoma subsidiary BancFirst, with loans essentially flat for the Company's Texas subsidiaries, Pegasus and Worthington.

See Note (3) of the Notes to Consolidated Financial Statements for disclosures regarding the Company's loan portfolio segments.

Allowance for Credit Losses

The allowance for credit losses to total loans was 1.24% at June 30, 2024 compared to 1.26% at December 31, 2023. The overall credit quality of the Company's loan portfolio has remained strong. If unforeseen adverse changes occur in the national or local economy, or in the credit markets, it would be reasonable to expect that the allowance for credit losses would increase in future periods.

Nonaccrual Loans

Nonaccrual loans totaled \$44.0 million at June 30, 2024 compared to \$24.6 million at December 31, 2023. The level of the Company's nonaccrual loans remains low. The Company's nonaccrual loans are primarily comprised of construction and development real estate loans, commercial real estate loans and commercial non-real estate loans. Nonaccrual loans negatively impact the Company's net interest margin. A loan is placed on nonaccrual status when, in the opinion of management, the future collectability of both interest and principal is in serious doubt. Interest income is not recognized until the principal balance is fully collected. However, if the full collection of the remaining principal balance is not in doubt, interest income is recognized on certain of these loans on a cash basis. Had nonaccrual loans performed in accordance with their original contractual terms, the Company would have recognized additional interest income of approximately \$1.8 million for the six months ended June 30, 2024 and \$718,000 for the six months ended June 30, 2023. Only a small amount of this interest is expected to be ultimately collected. Approximately \$8.5 million of nonaccrual loans were guaranteed by government agencies at June 30, 2024.

The classification of a loan as nonaccrual does not necessarily indicate that loan principal and interest will ultimately be uncollectible; although, in an economic downturn, the Company's experience has been that the risk of loss is heightened. The above normal risk associated with nonaccrual loans has been considered in the determination of the allowance for credit losses. The level of nonaccrual loans and credit losses could rise over time as a result of adverse economic conditions. The allowance for credit losses as a percentage of nonaccrual loans is shown in the table above.

Modified Loans

As of January 1, 2023, the Company adopted Accounting Standards Update ("ASU") No. 2022-02, which eliminated the Troubled Debt Restructurings ("TDR") recognition and measurement guidance and, instead, requires that the Company evaluate, based on the accounting for loan modifications, whether the modification represents a new loan or a continuation of an existing loan when a borrower is experiencing financial difficulty. The current and future financial effects of the recorded balance of loans considered to be modified during the period were not considered to be material. The recorded balance of loans modified during the period ended June 30, 2024 was approximately \$5.9 million compared to \$5.3 million during the year ended December 31, 2023.

Other Real Estate Owned and Repossessed Assets

Other real estate owned (OREO) and repossessed assets totaled \$38.5 million at June 30, 2024 compared to \$34.2 million at December 31, 2023. OREO consists of properties acquired through foreclosure proceedings or acceptance of a deed in lieu of foreclosure and premises held for sale. These properties are carried at the lower of the book values of the related loans or fair values based upon appraisals of the properties, less estimated costs to sell. Write-downs arising at the time of reclassification of such properties from loans to OREO are charged directly to the allowance for credit losses. Any losses on bank premises designated to be sold are charged to operating expense at the time of transfer from premises to OREO. Decreases in values of properties subsequent to their classification as OREO are charged to operating expense.

OREO included a larger commercial real estate property recorded at \$30.7 million at June 30, 2024 and \$29.4 million at December 31, 2023. During the period ended June 30, 2024, the Company made \$1.3 million of tenant improvements to this property, which contributed to the increase of total OREO. Rental income for this property is included in other noninterest income on the consolidated statements of comprehensive income. Operating expense for this property is included in net expense from OREO in other noninterest expense on the consolidated statements of comprehensive income.

This property had the following rental income and operating expenses for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023 (Dollars in thousands)	2024	2023
Rental income	\$ 3,085	\$ 2,778	\$ 6,026	\$ 5,468
Operating expense	2,673	2,967	4,923	5,348

The Company's total rental income and operating expenses from OREO are presented in the following table:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023 (Dollars in thousands)	2024	2023
Rental income	\$ 3,083	\$ 2,895	\$ 6,085	\$ 5,716
Operating expense	2,802	3,058	5,131	5,614

Intangible Assets, Goodwill and Other Assets

Identifiable intangible assets and goodwill totaled \$197.2 million and \$199.0 million at June 30, 2024 and December 31, 2023, respectively.

Other assets includes the cash surrender value of key-man life insurance policies totaling \$84.1 million and \$84.4 million at June 30, 2024 and December 31, 2023, respectively.

Derivative financial instruments consisting of oil and gas swaps and option contracts are included in other assets and totaled \$15.2 million at June 30, 2024 and \$41.1 million at December 31, 2023. They require a daily margin to be posted, which fluctuates with oil and gas prices and customer activity. At June 30, 2024, the Company had a margin asset included in other assets in the amount of \$7.2 million. At December 31, 2023, the Company had a margin liability included in other liabilities in the amount of \$15.5 million. See Note (10) of the Notes to Consolidated Financial Statements for a complete discussion of the Company's derivative financial instruments.

Equity securities are reported in other assets on the Company's consolidated balance sheet. The Company invests in equity securities without readily determinable fair values. The realized and unrealized gains and losses are reported as securities transactions in the noninterest income section of the consolidated statements of comprehensive income. The balance of equity securities was \$13.3 million at June 30, 2024 and \$13.1 million at December 31, 2023. The Company reviews its portfolio of equity securities for impairment at least quarterly.

Low-Income Housing and New Market Tax Credit Investments

During 2024, there have not been any material changes in the Company's low-income housing tax credit ("LIHTC") investments and New Markets Tax Credits ("NMTC") investments, which are included in other assets on the Company's consolidated balance sheet.

See Note (6) of the Notes to Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 for disclosures regarding these investments.

Liquidity and Funding

The Company's principal source of liquidity and funding is its broad deposit base generated from customer relationships. The availability of deposits is affected by economic conditions, competition with other financial institutions and alternative investments available to customers. Through interest rates paid, service charge levels and services offered, the Company can affect its level of deposits to a limited extent. The level and maturity of funding necessary to support the Company's lending and investment functions is determined through the Company's asset/liability management process. The Company currently does not rely heavily on long-term borrowings and does not utilize brokered or reciprocal deposits. The Company maintains lines of credit from the Federal Home Loan Bank ("FHLB"), federal funds lines of credit with other banks and could also utilize the sale of loans, securities and liquidation of other assets as sources of liquidity and funding. The Company is highly liquid with a total of cash and due from banks, interest-bearing deposits with banks and federal funds sold to total assets of 19.6%.

There have not been any other material changes from the liquidity and funding discussion included in Management's Discussion and Analysis in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Deposits

At June 30, 2024, deposits totaled \$11.0 billion, an increase of \$315.5 million from December 31, 2023. The Company's core deposits provide it with a stable, low-cost funding source. The Company's core deposits as a percentage of total deposits were 96.8% at June 30, 2024 and 97.4% at December 31, 2023. Noninterest-bearing deposits to total deposits were 34.6% at June 30, 2024 compared to 37.2% at December 31, 2023. Quantitative tightening by the Federal Reserve and competition for deposits has increased, and available yields have similarly increased, causing noninterest-bearing deposits to move to interest-bearing deposits and off-balance-sheet sweep account products.

Off-balance-sheet sweep accounts totaled \$4.5 billion at June 30, 2024 compared to \$4.3 billion at December 31, 2023. The movement of customers' funds into the Company's off-balance-sheet sweep accounts affected the balances of both cash and deposits.

Subordinated Debt

See Note (5) of the Notes to Consolidated Financial Statements for a complete discussion of the Company's subordinated debt.

Short-Term Borrowings and Lines of Credit

Short-term borrowings, consisting primarily of federal funds purchased and repurchase agreements, are another source of funds for the Company. The level of these borrowings is determined by various factors, including customer demand and the Company's ability to earn a favorable spread on the funds obtained. Short-term borrowings were \$4.3 million at June 30, 2024 compared to \$3.4 million at December 31, 2023.

The Company has several lines of credit available. At June 30, 2024, BancFirst had \$850.1 million available on its line of credit from the FHLB of Topeka, Kansas and a \$25.0 million line of credit with another financial institution that is an overnight federal funds facility. At June 30, 2024, BancFirst had no advances outstanding under either line of credit. Worthington has \$10.5 million in lines of credit with other financial institutions that serve as overnight federal funds facilities, a Federal Reserve discount window capacity of \$28.8 million and a \$77.7 million line of credit from the FHLB of Dallas, Texas to use for liquidity or to match-fund certain long-term rate loans. Worthington has no advances outstanding at June 30, 2024 under any of these lines of credit.

Capital Resources

Stockholders' equity totaled \$1.5 billion at June 30, 2024, an increase of \$78.6 million from December 31, 2023. In addition to net income of \$101.0 million, other increases in stockholders' equity during the six months ended June 30, 2024 included \$2.6 million related to common stock issuances for stock option exercises, \$1.4 million related to stock-based compensation and \$1.8 million in accumulated other comprehensive income, that were partially offset by \$28.4 million in dividends. The Company's leverage ratio and other risk-based capital ratios at June 30, 2024 were well in excess of the regulatory requirements.

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

Liquidity Risk and Off-Balance-Sheet Arrangements

There have not been any material changes in the Company's liquidity risk and off-balance-sheet arrangements included in Management's Discussion and Analysis which was included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no significant changes in the Company's disclosures regarding market risk since December 31, 2023, the date of its most recent annual report to stockholders.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures. Pursuant to Rule 13a-15 of the Securities Exchange Act of 1934 (the "Exchange Act"), the Company's Chief Executive Officer, Chief Financial Officer and its Disclosure Committee, which includes the Company's Executive Chairman, Chief Risk Officer, Chief Internal Auditor, Chief Asset Quality Officer, Controller, General Counsel and Director of Financial Reporting, have evaluated, as of the last day of the period covered by this report, the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act). Based on their evaluation they concluded that the disclosure controls and procedures of the Company are effective to ensure that information required to be disclosed by the Company in the reports filed or submitted by it under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the applicable rules and forms.

Changes in Internal Control Over Financial Reporting. During the period to which this report relates, there have not been any changes in the Company's internal controls over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, such controls.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

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

Item 1A. Risk Factors.

As of June 30, 2024, there have been no material changes from the risk factors previously disclosed in Part I, Item 1A, of the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit Number	Exhibit
3.1	Amended and Restated By-Laws of BancFirst Corporation (filed as Exhibit 3.1 to the Company's Quarterly Report on form 10Q for the Quarter Ended March 31, 2023 and incorporated herein by reference).
3.2	Restated Certificate of Incorporation of BancFirst Corporation dated August 5, 2021. (filed as Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the Quarter Ended June 30, 2021).
10.1	Amended and Restated BancFirst Corporation Directors' Deferred Stock Compensation Plan. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated May 23, 2024 and incorporated herein by reference).
31.1*	Chief Executive Officer's Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a).
31.2*	Chief Financial Officer's Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a).
32**	CEO's & CFO's Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document.
101.SCH	Inline XBRL Taxonomy Extension Schema with Embedded Linkbase Documents.
104	Cover page Interactive Data File (formatted as Inline XBRL and included in Exhibit 101).

* Filed herewith.
** This exhibit is furnished herewith and shall not be deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act.

SIGNATURES

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

BANCFIRST CORPORATION
(Registrant)

Date: August 6, 2024

/s/ David Harlow
David Harlow
President
Chief Executive Officer
(Principal Executive Officer)

Date: August 6, 2024

/s/ Hannah Andrus
Hannah Andrus
Executive Vice President
Chief Financial Officer
(Principal Financial Officer)

CEO'S CERTIFICATION PURSUANT TO RULE 13a-14(a) OR RULE 15d-14(a)

I, David Harlow, certify that:

- 1.I have reviewed this quarterly report on Form 10-Q of BancFirst Corporation;
- 2.Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
- 3.Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
- 4.The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a – 15 (e) and 15d – 15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a – 15(f) and 15d – 15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and
 - d) Disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5.The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: August 6, 2024

/s/ David Harlow
David Harlow
President and Chief Executive Officer
(Principal Executive Officer)

CFO'S CERTIFICATION PURSUANT TO RULE 13a-14(a) OR RULE 15d-14(a)

I, Hannah Andrus, certify that:

- 1.I have reviewed this quarterly report on Form 10-Q of BancFirst Corporation;
- 2.Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
- 3.Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
- 4.The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a – 15 (e) and 15d – 15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a – 15(f) and 15d – 15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and
 - d) Disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5.The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: August 6, 2024

/s/ Hannah Andrus
Hannah Andrus
Executive Vice President
Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION OF PERIODIC REPORT

PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, David Harlow, Chief Executive Officer and Hannah Andrus, Chief Financial Officer of BancFirst Corporation (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1)The Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2024 (the "Form 10-Q") fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2)The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 6, 2024

/s/ David Harlow
David Harlow
President and Chief Executive Officer
(Principal Executive Officer)

/s/ Hannah Andrus
Hannah Andrus
Executive Vice President
and Chief Financial Officer
(Principal Financial Officer)
