

BANCFIRST CORP /OK/  
Form 10-Q  
November 06, 2015

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 September 30, 2015

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 73-1221379  
(State or other Jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

101 N. Broadway, Oklahoma City, Oklahoma 73102-8405  
(Address of principal executive offices) (Zip Code)  
(405) 270-1086

(Registrant's telephone number, including area code)

N/A

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(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No .

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (sec. 232-405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No .

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

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

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 October 31, 2015 there were 15,597,280 shares of the registrant's Common Stock outstanding.

## PART I – FINANCIAL INFORMATION

## Item 1. Financial Statements.

## BANCFIRST CORPORATION

## CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

|  | September<br>30,<br>2015<br><br>(unaudited) | December<br>31,<br>2014<br><br>(see Note<br>1) |
|--|---|--|
| <b>ASSETS</b>  |   |  |
| Cash and due from banks  | \$ 163,188                                  | \$ 203,545                                     |
| Interest-bearing deposits with banks   | 1,491,873                                   | 1,710,350                                      |
| Securities (fair value: \$507,923 and \$524,861, respectively)                 | 507,858                                     | 524,783  |
| Loans held for sale  | 12,406                                      | 9,433  |
| Loans (net of unearned interest)   | 3,959,669                                   | 3,851,398                                      |
| Allowance for loan losses  | (40,970 )                                   | (40,889 )                                      |
| Loans, net of allowance for loan losses  | 3,918,699                                   | 3,810,509                                      |
| Premises and equipment, net  | 120,659                                     | 121,341  |
| Other real estate owned  | 7,650                                       | 7,859  |
| Intangible assets, net   | 9,203                                       | 10,635   |
| Goodwill   | 44,594                                      | 44,962   |
| Accrued interest receivable and other assets                                   | 129,966                                     | 131,555  |
| Total assets   | \$ 6,406,096                                | \$ 6,574,972                                   |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>                                    |   |  |
| Deposits:  |   |  |
| Noninterest-bearing  | \$ 2,244,711                                | \$ 2,411,066                                   |
| Interest-bearing   | 3,453,880                                   | 3,493,638                                      |
| Total deposits   | 5,698,591                                   | 5,904,704                                      |
| Short-term borrowings  | 3,777                                       | 3,982  |
| Accrued interest payable and other liabilities                                 | 30,863                                      | 30,168   |
| Junior subordinated debentures   | 26,804                                      | 26,804   |
| Total liabilities  | 5,760,035                                   | 5,965,658                                      |
| 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, 20,000,000 shares authorized; shares issued and      | 15,591                                      | 15,504   |

|  |             |             |
|--|-------------|-------------|
| outstanding: 15,591,530 and 15,504,513, respectively                 |             |             |
| Capital surplus  | 100,835     | 96,841      |
| Retained earnings  | 527,038     | 492,776     |
| Accumulated other comprehensive income, net of income tax of \$1,638 |             |             |
| and \$2,644, respectively  | 2,597       | 4,193       |
| Total stockholders' equity   | 646,061     | 609,314     |
| Total liabilities and stockholders' equity                           | \$6,406,096 | \$6,574,972 |

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                   |          | Nine Months Ended     |           |
|---|--------------------------------|----------|-----------------------|-----------|
|   | Ended<br>September 30,<br>2015 | 2014     | September 30,<br>2015 | 2014      |
| <b>INTEREST INCOME</b>  |                                |          |                       |           |
| Loans, including fees   | \$47,342                       | \$46,759 | \$139,781             | \$135,263 |
| Securities:   |                                |          |                       |           |
| Taxable   | 1,291                          | 1,536    | 4,148                 | 4,343     |
| Tax-exempt  | 249                            | 262      | 730                   | 815       |
| Federal funds sold  | —                              | —        | —                     | 1         |
| Interest-bearing deposits with banks  | 1,009                          | 1,112    | 3,137                 | 3,302     |
| Total interest income   | 49,891                         | 49,669   | 147,796               | 143,724   |
| <b>INTEREST EXPENSE</b>   |                                |          |                       |           |
| Deposits  | 2,522                          | 2,658    | 7,602                 | 8,180     |
| Short-term borrowings   | 1                              | 6        | 3                     | 13        |
| Long-term borrowings  | —                              | —        | —                     | 25        |
| Junior subordinated debentures  | 492                            | 491      | 1,474                 | 1,474     |
| Total interest expense  | 3,015                          | 3,155    | 9,079                 | 9,692     |
| Net interest income   | 46,876                         | 46,514   | 138,717               | 134,032   |
| Provision for loan losses   | 1,424                          | (3,115 ) | 4,029                 | 1,232     |
| Net interest income after provision for loan losses   | 45,452                         | 49,629   | 134,688               | 132,800   |
| <b>NONINTEREST INCOME</b>   |                                |          |                       |           |
| Trust revenue   | 2,295                          | 2,380    | 6,837                 | 6,846     |
| Service charges on deposits   | 14,910                         | 14,226   | 42,574                | 42,044    |
| Securities transactions (includes accumulated other comprehensive income reclassifications of \$0, \$0, \$3,912 and \$88, respectively) | —                              | 284      | 7,121                 | 819       |
| Income from sales of loans  | 545                            | 569      | 1,534                 | 1,387     |
| Insurance commissions   | 4,427                          | 4,152    | 11,615                | 11,380    |
| Cash management   | 1,906                          | 1,770    | 5,611                 | 5,058     |
| Gain on sale of other assets  | 27                             | 242      | 108                   | 250       |
| Other   | 1,214                          | 1,315    | 3,935                 | 4,327     |
| Total noninterest income  | 25,324                         | 24,938   | 79,335                | 72,111    |
| <b>NONINTEREST EXPENSE</b>  |                                |          |                       |           |
| Salaries and employee benefits  | 28,746                         | 28,153   | 84,145                | 81,569    |
| Occupancy, net  | 3,051                          | 2,920    | 8,586                 | 8,493     |
| Depreciation  | 2,488                          | 2,432    | 7,401                 | 7,156     |
| Amortization of intangible assets   | 444                            | 444      | 1,333                 | 1,310     |
| Data processing services  | 1,132                          | 1,183    | 3,428                 | 3,538     |
| Net expense from other real estate owned  | 51                             | 173      | 181                   | 317       |
| Marketing and business promotion  | 1,640                          | 1,429    | 4,720                 | 4,806     |
| Deposit insurance   | 820                            | 810      | 2,482                 | 2,456     |

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|  |          |          |          |          |
|--|----------|----------|----------|----------|
| Other  | 7,980    | 9,398    | 24,428   | 26,990   |
| Total noninterest expense  | 46,352   | 46,942   | 136,704  | 136,635  |
| Income before taxes  | 24,424   | 27,625   | 77,319   | 68,276   |
| Income tax expense   | 8,794    | 8,832    | 26,877   | 20,138   |
| Net income   | \$15,630 | \$18,793 | \$50,442 | \$48,138 |
| <b>NET INCOME PER COMMON SHARE</b>   |          |          |          |          |
| Basic  | \$1.01   | \$1.22   | \$3.25   | \$3.12   |
| Diluted  | \$0.98   | \$1.19   | \$3.18   | \$3.05   |
| <b>OTHER COMPREHENSIVE INCOME</b>  |          |          |          |          |
| Unrealized gains (losses) on securities, net of tax of \$(91), \$210, \$(507) and \$(811), respectively              | 145      | (332 )   | 803      | 713      |
| Reclassification adjustment for gains included in net income, net of tax of \$0, \$0, \$1,513 and \$34, respectively | —        | —        | (2,399 ) | (54 )    |
| Other comprehensive gain (loss), net of tax of \$(91), \$210, \$1,006 and \$(777), respectively                      | 145      | (332 )   | (1,596 ) | 659      |
| Comprehensive income   | \$15,775 | \$18,461 | \$48,846 | \$48,797 |

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

## BANCFIRST CORPORATION

## CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(Unaudited)

(Dollars in thousands)

|   | Three Months Ended<br>September 30, |            | Nine Months Ended<br>September 30, |            |
|---|-------------------------------------|------------|------------------------------------|------------|
|   | 2015                                | 2014       | 2015                               | 2014       |
| <b>COMMON STOCK</b>   |                                     |            |                                    |            |
| Issued at beginning of period   | \$ 15,562                           | \$ 15,399  | \$ 15,504                          | \$ 15,334  |
| Shares issued   | 29                                  | 50         | 87                                 | 115        |
| Issued at end of period   | \$ 15,591                           | \$ 15,449  | \$ 15,591                          | \$ 15,449  |
| <b>CAPITAL SURPLUS</b>  |                                     |            |                                    |            |
| Balance at beginning of period  | \$ 99,202                           | \$ 91,447  | \$ 96,841                          | \$ 88,803  |
| Common stock issued   | 749                                 | 1,554      | 2,065                              | 3,174      |
| Tax effect of stock options   | 395                                 | 417        | 686                                | 665        |
| Stock-based compensation arrangements   | 489                                 | 448        | 1,243                              | 1,224      |
| Balance at end of period  | \$ 100,835                          | \$ 93,866  | \$ 100,835                         | \$ 93,866  |
| <b>RETAINED EARNINGS</b>  |                                     |            |                                    |            |
| Balance at beginning of period  | \$ 517,028                          | \$ 468,761 | \$ 492,776                         | \$ 448,953 |
| Net income  | 15,630                              | 18,793     | 50,442                             | 48,138     |
| Dividends on common stock (\$0.36, \$0.34, \$1.04 and \$0.96 per share, respectively) | (5,620 )                            | (5,252 )   | (16,180 )                          | (14,789 )  |
| Balance at end of period  | \$ 527,038                          | \$ 482,302 | \$ 527,038                         | \$ 482,302 |
| <b>ACCUMULATED OTHER COMPREHENSIVE INCOME</b>   |                                     |            |                                    |            |
| Unrealized gains on securities:   |                                     |            |                                    |            |
| Balance at beginning of period  | \$ 2,452                            | \$ 4,898   | \$ 4,193                           | \$ 3,907   |
| Net change  | 145                                 | (332 )     | (1,596 )                           | 659        |
| Balance at end of period  | \$ 2,597                            | \$ 4,566   | \$ 2,597                           | \$ 4,566   |
| Total stockholders' equity  | \$ 646,061                          | \$ 596,183 | \$ 646,061                         | \$ 596,183 |

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

## BANCFIRST CORPORATION

## CONSOLIDATED STATEMENTS OF CASH FLOW

(Unaudited)

(Dollars in thousands)

|   | Nine Months Ended<br>September 30, |            |
|---|------------------------------------|------------|
|   | 2015                               | 2014       |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                       |                                    |            |
| Net income  | \$50,442                           | \$48,138   |
| Adjustments to reconcile to net cash provided by operating activities:            |                                    |            |
| Provision for loan losses   | 4,029                              | 1,232      |
| Depreciation and amortization   | 8,734                              | 8,466      |
| Net amortization of securities premiums and discounts                             | 747                                | 712        |
| Realized securities gains   | (7,121 )                           | (819 )     |
| Gain on sales of loans  | (1,534 )                           | (1,387 )   |
| Cash receipts from the sale of loans originated for sale                          | 132,957                            | 114,388    |
| Cash disbursements for loans originated for sale                                  | (134,396 )                         | (115,294 ) |
| Deferred income tax benefit   | (1,029 )                           | (3,107 )   |
| Gain on other assets  | (76 )                              | (714 )     |
| Decrease in interest receivable   | 8                                  | 381        |
| Decrease in interest payable  | (64 )                              | (366 )     |
| Amortization of stock-based compensation arrangements                             | 1,243                              | 1,224      |
| Other, net  | 4,797                              | 6,957      |
| Net cash provided by operating activities   | \$58,737                           | \$59,811   |
| <b>INVESTING ACTIVITIES</b>   |                                    |            |
| Net decrease in federal funds sold  | —                                  | 4,319      |
| Net cash and due from banks received from acquisitions                            | —                                  | 174,283    |
| Purchases of held for investment securities                                       | (1,085 )                           | —          |
| Purchases of available for sale securities  | (41,424 )                          | (204,979 ) |
| Proceeds from maturities, calls and paydowns of held for investment securities    | 1,344                              | 3,882      |
| Proceeds from maturities, calls and paydowns of available for sale securities     | 53,285                             | 197,469    |
| Proceeds from sales of available for sale securities                              | 8,576                              | 2,235      |
| Net change in loans   | (113,740 )                         | (266,076 ) |
| Purchases of premises, equipment and computer software                            | (9,535 )                           | (8,541 )   |
| Proceeds from the sale of other assets  | 4,324                              | 4,741      |
| Net cash used in investing activities   | (98,255 )                          | (92,667 )  |
| <b>FINANCING ACTIVITIES</b>   |                                    |            |
| Net change in deposits  | (206,113 )                         | 19,116     |
| Net (decrease)/increase in short-term borrowings                                  | (205 )                             | 6,883      |
| Paydown of long-term borrowings   | —                                  | (6,938 )   |
| Issuance of common stock, net   | 2,838                              | 3,954      |
| Cash dividends paid   | (15,836 )                          | (14,289 )  |
| Net cash (used in) provided by financing activities                               | (219,316 )                         | 8,726      |
| Net decrease in cash, due from banks and interest-bearing deposits                | (258,834 )                         | (24,130 )  |
| Cash, due from banks and interest-bearing deposits at the beginning of the period | 1,913,895                          | 1,857,535  |



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|   |             |             |
|---|-------------|-------------|
| Cash, due from banks and interest-bearing deposits at the end of the period | \$1,655,061 | \$1,833,405 |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:                          |             |             |
| Cash paid during the period for interest                                    | \$9,142     | \$10,058    |
| Cash paid during the period for income taxes                                | \$26,531    | \$21,128    |
| Noncash investing and financing activities:                                 |             |             |
| Unpaid common stock dividends declared                                      | \$5,609     | \$5,244     |

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

BANCFIRST CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

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

The accounting and reporting policies of BancFirst Corporation and its subsidiaries (the “Company”) conform to accounting principles generally accepted in the United State of America (U.S. GAAP) and general practice within the banking industry. A summary of significant accounting policies can be found in Note (1) to the Company’s Annual Report on Form 10-K for the year ended December 31, 2014.

Basis of Presentation

The accompanying unaudited interim consolidated financial statements include the accounts of BancFirst Corporation, Council Oak Partners, LLC, BancFirst Insurance Services, Inc. and BancFirst and its subsidiaries. The principal operating subsidiaries of BancFirst are Council Oak Investment Corporation, Council Oak Real Estate, Inc. and BancFirst Agency, Inc. All significant intercompany accounts and transactions have been eliminated. Assets held in a fiduciary or agency capacity are not assets of the Company and, accordingly, are not included in the unaudited interim consolidated financial statements.

The accompanying unaudited interim consolidated financial statements and notes are presented in accordance with the instructions for Form 10-Q. The information contained in the financial statements and footnotes included in BancFirst Corporation’s Annual Report on Form 10-K for the year ended December 31, 2014, should be referred to in connection with these unaudited interim consolidated financial statements. Operating results for the interim periods disclosed herein are not necessarily indicative of the results that may be expected for a full year or any future period.

The unaudited interim consolidated financial statements contained herein reflect all adjustments which are, in the opinion of management, necessary to provide a fair statement of the financial position and results of operations of the Company for the interim periods presented. All such adjustments are of a normal and recurring nature. There have been no significant changes in the accounting policies of the Company since December 31, 2014, the date of the most recent annual report.

Reclassifications

Certain items in prior 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 loan losses, income taxes, the fair value of financial instruments and the valuation of intangibles. Such estimates and assumptions may change over time and actual amounts realized may differ from those reported.

Recent Accounting Pronouncements

In February 2015, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2015-02, “Consolidation (Topic 810) – Amendments to the Consolidation Analysis.” ASU 2015-02 implements changes to both the variable interest consolidation model and the voting interest consolidation model. ASU 2015-02 (i) eliminates certain criteria that must be met when determining when fees paid to a decision maker or service provider do not represent a variable interest, (ii) amends the criteria for determining whether a limited partnership is a variable interest entity and (iii) eliminates the presumption that a general partner controls a limited partnership in the voting model. The amendments are effective for annual periods, and interim reporting periods within those annual periods, beginning after December 15, 2015. Adoption of ASU 2015-02 is not expected to have a significant effect on the Company’s financial statements.

In August 2014, the FASB issued ASU No. 2014-15, “Presentation of Financial Statements – Going Concern (Topic 205-40).” ASU 2014-15 provides guidance on management’s responsibility in evaluating whether there is substantial doubt about the Company’s ability to continue as a going concern and related footnote disclosures. For each reporting period, management will be required to evaluate whether there are conditions or events that raise substantial doubt about the Company’s ability to continue as a going concern within one year from the date the financial statements are issued. The amendments are effective for annual periods, and

interim reporting periods within those annual periods, beginning after December 15, 2016. Early adoption is permitted. Adoption of ASU 2014-15 is not expected to have a significant effect on the Company's financial statements.

In January 2014, the FASB issued Accounting Standards Update ASU No. 2014-04, "Receivables: Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure (Topic 310-40)." ASU 2014-04 clarifies that an in-substance repossession or foreclosure occurs upon either the creditor obtaining legal title to the residential real estate property or the borrower conveying all interest in the residential real estate property to the creditor to satisfy that loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. The amendments were effective for annual periods, and interim reporting periods within those annual periods, beginning after December 15, 2014. Adoption of ASU 2014-04 did not have a significant effect on the Company's financial statements.

In January 2014, the FASB issued ASU No. 2014-01, "Accounting for Investments in Affordable Housing Projects (Topic 323)." ASU 2014-01 revises the necessary criteria that need to be met in order for an entity to account for investments in affordable housing projects net of the provision for income taxes. It also changes the method of recognition from an effective amortization approach to a proportional amortization approach. Additional disclosures were also set forth in this update. The amendments were effective for annual periods, and interim reporting periods within those annual periods, beginning after December 15, 2014. The amendments were required to be applied retrospectively to all periods presented. Early adoption was permitted and adoption of the standard was optional. Adoption of ASU 2014-01 did not have a material impact on the Company's financial statements.

## (2) RECENT DEVELOPMENTS, INCLUDING MERGERS AND ACQUISITIONS

In January 2015, Council Oak Investment Corporation, a wholly-owned subsidiary of BancFirst, recognized a pretax gain of approximately \$1.7 million on one of its investments.

In June 2015, Council Oak Partners, LLC, a wholly-owned subsidiary of the Company, recognized a pretax gain of approximately \$5.3 million on one of its investments.

See Note 12 for developments subsequent to September 30, 2015.

## (3) SECURITIES

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

|  | September<br>30,       | December<br>31, 2014 |
|--|------------------------|----------------------|
|  | 2015                   |                      |
|  | (Dollars in thousands) |                      |
| Held for investment, at cost (fair value: \$8,398 and \$8,671, respectively) | \$8,333                | \$8,593              |
| Available for sale, at fair value  | 499,525                | 516,190              |
| <b>Total</b>   | <b>\$507,858</b>       | <b>\$524,783</b>     |

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

|  | Gross<br>Amortized<br>Cost | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Estimated<br>Fair<br>Value |
|--|----------------------------|------------------------------|-------------------------------|----------------------------|
| September 30, 2015<br>(Dollars in thousands) |                            |                              |                               |                            |
| Mortgage backed securities (1)               | \$382                      | \$ 30                        | \$ —                          | \$ 412                     |
| States and political subdivisions            | 7,951                      | 35                           | —                             | 7,986                      |
| <b>Total</b>                                 | <b>\$8,333</b>             | <b>\$ 65</b>                 | <b>\$ —</b>                   | <b>\$ 8,398</b>            |
| December 31, 2014                            |                            |                              |                               |                            |
| Mortgage backed securities (1)               | \$471                      | \$ 34                        | \$ —                          | \$ 505                     |
| States and political subdivisions            | 8,122                      | 44                           | —                             | 8,166                      |
| <b>Total</b>                                 | <b>\$8,593</b>             | <b>\$ 78</b>                 | <b>\$ —</b>                   | <b>\$ 8,671</b>            |

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

|                                   | Gross                  |            | Gross       | Estimated |
|-----------------------------------|------------------------|------------|-------------|-----------|
|                                   | Amortized              | Unrealized | Unrealized  | Fair      |
|                                   | Cost                   | Gains      | Losses      | Value     |
| September 30, 2015                | (Dollars in thousands) |            |             |           |
| U.S. treasuries                   | \$279,331              | \$ 1,966   | \$ —        | \$281,297 |
| U.S. federal agencies             | 133,670                | 870        | (54 )       | 134,486   |
| Mortgage backed securities (1)    | 22,587                 | 500        | (557 )      | 22,530    |
| States and political subdivisions | 49,815                 | 1,552      | (41 )       | 51,326    |
| Other securities (2)              | 9,887                  | 197        | (198 )      | 9,886     |
| Total                             | \$495,290              | \$ 5,085   | \$ (850 )   | \$499,525 |
| December 31, 2014                 |                        |            |             |           |
| U.S. treasuries                   | \$248,767              | \$ 404     | \$ (178 )   | \$248,993 |
| U.S. federal agencies             | 171,641                | 983        | (175 )      | 172,449   |
| Mortgage backed securities (1)    | 26,441                 | 602        | (586 )      | 26,457    |
| States and political subdivisions | 51,706                 | 1,716      | (49 )       | 53,373    |
| Other securities (2)              | 10,798                 | 4,252      | (132 )      | 14,918    |
| Total                             | \$509,353              | \$ 7,957   | \$ (1,120 ) | \$516,190 |

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

(2) Primarily consists of equity securities.

The unrealized gains decreased in 2015 primarily due to the reclassification of an unrealized gain on one investment of \$3.3 million from other comprehensive income to a realized gain by Council Oak Partners, LLC, a wholly-owned subsidiary of the Company. The realized gain is reported as securities transactions within the noninterest income section of the consolidated statement of comprehensive income.

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

| September 30, 2015     |       | December 31, 2014 |       |
|------------------------|-------|-------------------|-------|
| Estimated              |       | Estimated         |       |
| Amortized Fair         |       | Amortized Fair    |       |
| Cost                   | Value | Cost              | Value |
| (Dollars in thousands) |       |                   |       |

| Held for Investment                      |           |           |           |           |
|--|-----------|-----------|-----------|-----------|
| Contractual maturity of debt securities: |           |           |           |           |
| Within one year                          | \$4,978   | \$4,985   | \$1,451   | \$1,456   |
| After one year but within five years     | 3,003     | 3,031     | 6,603     | 6,642     |
| After five years but within ten years    | 316       | 343       | 380       | 396       |
| After ten years                          | 36        | 39        | 159       | 177       |
| Total                                    | \$8,333   | \$8,398   | \$8,593   | \$8,671   |
| Available for Sale                       |           |           |           |           |
| Contractual maturity of debt securities: |           |           |           |           |
| Within one year                          | \$132,557 | \$132,794 | \$41,772  | \$41,870  |
| After one year but within five years     | 266,217   | 269,077   | 350,975   | 352,044   |
| After five years but within ten years    | 12,493    | 13,068    | 21,990    | 22,717    |
| After ten years                          | 77,590    | 78,155    | 87,252    | 88,132    |
| Total debt securities                    | 488,857   | 493,094   | 501,989   | 504,763   |
| Equity securities                        | 6,433     | 6,431     | 7,364     | 11,427    |
| Total                                    | \$495,290 | \$499,525 | \$509,353 | \$516,190 |

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:

|                                  | September<br>30, 2015  | December<br>31, 2014 |
|----------------------------------|------------------------|----------------------|
|                                  | (Dollars in thousands) |                      |
| Book value of pledged securities | \$ 450,473             | \$ 522,190           |

#### (4) LOANS AND ALLOWANCE FOR LOAN LOSSES

The following is a schedule of loans outstanding by category:

|  | September 30, 2015     |          | December 31, 2014 |          |
|--|------------------------|----------|-------------------|----------|
|  | Amount                 | Percent  | Amount            | Percent  |
|  | (Dollars in thousands) |          |                   |          |
| <b>Commercial and financial:</b>         |                        |          |                   |          |
| Commercial and industrial                | \$759,935              | 19.19 %  | \$745,106         | 19.35 %  |
| Oil & gas production and equipment       | 68,943                 | 1.74     | 104,940           | 2.72     |
| Agriculture                              | 112,675                | 2.84     | 132,830           | 3.45     |
| <b>State and political subdivisions:</b> |                        |          |                   |          |
| Taxable                                  | 17,674                 | 0.45     | 20,431            | 0.53     |
| Tax-exempt                               | 28,855                 | 0.73     | 20,952            | 0.54     |
| <b>Real estate:</b>                      |                        |          |                   |          |
| Construction                             | 382,883                | 9.67     | 356,621           | 9.26     |
| Farmland                                 | 163,989                | 4.14     | 149,507           | 3.88     |
| One to four family residences            | 797,974                | 20.15    | 766,362           | 19.90    |
| Multifamily residential properties       | 63,016                 | 1.59     | 66,766            | 1.73     |
| Commercial                               | 1,250,673              | 31.59    | 1,191,477         | 30.94    |
| Consumer                                 | 281,800                | 7.12     | 267,179           | 6.94     |
| Other (not classified above)             | 31,252                 | 0.79     | 29,227            | 0.76     |
| Total loans                              | \$3,959,669            | 100.00 % | \$3,851,398       | 100.00 % |

The Company's loans are mostly to customers within Oklahoma and over 65% of the loans are secured by real estate. Credit risk on loans is managed through limits on amounts loaned to individual borrowers, underwriting standards and loan monitoring procedures. The amounts and types of collateral obtained, if any, to secure loans are based upon the Company's underwriting standards and management's credit evaluation. Collateral varies, but may include real estate, equipment, accounts receivable, inventory, livestock and securities. The Company's interest in collateral is secured through filing mortgages and liens, and in some cases, by possession of the collateral.

Accounting policies related to appraisals, nonaccruals and charge-offs are disclosed in Note (1) to the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

#### Nonperforming and Restructured Assets

The following is a summary of nonperforming and restructured assets:



|  | September<br>30,<br>2015  | December<br>31,<br>2014 |
|--|---------------------------|-------------------------|
|  | (Dollars in<br>thousands) |                         |
| Past due 90 days or more and still accruing    | \$2,061                   | \$ 1,135                |
| Nonaccrual                                     | 30,321                    | 16,410                  |
| Restructured                                   | 15,386                    | 16,515                  |
| Total nonperforming and restructured loans     | 47,768                    | 34,060                  |
| Other real estate owned and repossessed assets | 7,863                     | 8,079                   |
| Total nonperforming and restructured assets    | \$55,631                  | \$ 42,139               |

Nonaccrual loans, accruing loans past due 90 days or more, and restructured loans are shown in the table above. Had nonaccrual loans performed in accordance with their original contractual terms, the Company would have recognized additional interest income of approximately \$1.5 million for the nine months ended September 30, 2015 and approximately \$839,000 for the nine months ended September 30, 2014.

Restructured loans consisted primarily of one relationship restructured to defer principal payments. The relationship was evaluated by management and determined to be well collateralized. Additionally, none of the concessions granted involved a principal reduction or a change from the current market rate of interest. The collateral value is monitored periodically to evaluate possible impairment. The Company charges interest on principal balances outstanding during deferral periods. As a result, the current and future financial effects of the recorded balance of loans considered to be restructured were not considered to be material.

Loans are segregated into classes based upon the nature of the collateral and the borrower. These classes are used to estimate the credit risk component in the allowance for loan losses.

The following table is a summary of amounts included in nonaccrual loans, segregated by class of loans. Residential real estate refers to one-to-four family real estate.

|  | September<br>30,<br>2015 | December<br>31, 2014 |
|--|--------------------------|----------------------|
| (Dollars in<br>thousands)                  |                          |                      |
| <b>Real estate:</b>                        |                          |                      |
| Non-residential real estate owner occupied | \$ 183                   | \$ 296               |
| Non-residential real estate other          | 4,878                    | 5,126                |
| Residential real estate permanent mortgage | 517                      | 681                  |
| Residential real estate all other          | 1,222                    | 1,796                |
| <b>Commercial and financial:</b>           |                          |                      |
| Non-consumer non-real estate               | 13,458                   | 1,556                |
| Consumer non-real estate                   | 198                      | 250                  |
| Other loans                                | 5,761                    | 1,659                |
| Acquired loans                             | 4,104                    | 5,046                |
| <b>Total</b>                               | <b>\$30,321</b>          | <b>\$ 16,410</b>     |

The following table presents an age analysis of past due loans, segregated by class of loans:

| Age Analysis of Past Due Loans             |        |        |       |        |            |            | Accruing |
|--|--------|--------|-------|--------|------------|------------|----------|
|  |        |        |       |        |            | Loans 90   |          |
|  |        |        |       |        |            | Days or    |          |
|  |        |        |       |        |            | More       |          |
|  |        |        |       |        |            | Past Due   |          |
| (Dollars in thousands)                     |        |        |       |        |            |            |          |
| As of September 30, 2015                   |        |        |       |        |            |            |          |
| <b>Real estate:</b>                        |        |        |       |        |            |            |          |
| Non-residential real estate owner occupied | \$ 223 | \$ 391 | \$ 99 | \$ 713 | \$ 492,565 | \$ 493,278 | \$ 99    |
| Non-residential real estate other          | 2,035  | 61     | 1,162 | 3,258  | 1,033,981  | 1,037,239  | 317      |

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|  |          |         |          |          |             |             |          |
|--|----------|---------|----------|----------|-------------|-------------|----------|
| Residential real estate permanent mortgage | 1,108    | 328     | 1,028    | 2,464    | 322,673     | 325,137     | 788      |
| Residential real estate all other          | 1,279    | 89      | 967      | 2,335    | 660,700     | 663,035     | 420      |
| Commercial and financial:                  |          |         |          |          |             |             |          |
| Non-consumer non-real estate               | 2,690    | 949     | 209      | 3,848    | 930,554     | 934,402     | 22       |
| Consumer non-real estate                   | 1,700    | 616     | 297      | 2,613    | 265,755     | 268,368     | 264      |
| Other loans                                | 562      | 174     | 5,211    | 5,947    | 155,379     | 161,326     | 65       |
| Acquired loans                             | 743      | 548     | 1,313    | 2,604    | 74,280      | 76,884      | 86       |
| Total                                      | \$10,340 | \$3,156 | \$10,286 | \$23,782 | \$3,935,887 | \$3,959,669 | \$ 2,061 |
| As of December 31, 2014                    |          |         |          |          |             |             |          |
| Real estate:                               |          |         |          |          |             |             |          |
| Non-residential real estate owner occupied | \$635    | \$—     | \$269    | \$904    | \$482,731   | \$483,635   | \$ 70    |
| Non-residential real estate other          | 377      | 317     | 825      | 1,519    | 952,484     | 954,003     | —        |
| Residential real estate permanent mortgage | 2,010    | 758     | 544      | 3,312    | 304,267     | 307,579     | 172      |
| Residential real estate all other          | 1,820    | 194     | 1,488    | 3,502    | 633,586     | 637,088     | 387      |
| Commercial and financial:                  |          |         |          |          |             |             |          |
| Non-consumer non-real estate               | 841      | 71      | 793      | 1,705    | 965,002     | 966,707     | 24       |
| Consumer non-real estate                   | 1,914    | 711     | 330      | 2,955    | 244,810     | 247,765     | 215      |
| Other loans                                | 1,858    | 916     | 741      | 3,515    | 149,469     | 152,984     | —        |
| Acquired loans                             | 1,815    | 997     | 1,304    | 4,116    | 97,521      | 101,637     | 267      |
| Total                                      | \$11,270 | \$3,964 | \$6,294  | \$21,528 | \$3,829,870 | \$3,851,398 | \$ 1,135 |

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## Impaired Loans

Loans are considered impaired when, based on current information and events, it is probable the Company will be unable to collect the full amount of scheduled principal and interest payments in accordance with the original contractual terms of the loan agreement. If a loan is impaired, a specific valuation allowance may be allocated if necessary so that the loan is reported, net of allowance for loss, at the present value of future cash flows using the loan's existing rate, or the fair value of collateral if repayment is expected solely from the collateral.

The following table presents impaired loans, segregated by class of loans. No material amount of interest income was recognized on impaired loans subsequent to their classification as impaired.

|  | Impaired Loans         |            |           |            |
|--|------------------------|------------|-----------|------------|
|  | Recorded               |            | Average   |            |
|  | Unpaid                 | Investment | Related   | Recorded   |
|  | Principal              | with       | Allowance | Investment |
|  | Balance                | Allowance  | Allowance | Investment |
|  | (Dollars in thousands) |            |           |            |
| As of September 30, 2015                   |                        |            |           |            |
| Real estate:                               |                        |            |           |            |
| Non-residential real estate owner occupied | \$495                  | \$ 410     | \$ 15     | \$ 374     |
| Non-residential real estate other          | 22,982                 | 19,906     | 758       | 19,969     |
| Residential real estate permanent mortgage | 1,676                  | 1,456      | 68        | 1,126      |
| Residential real estate all other          | 2,047                  | 1,806      | 177       | 1,892      |
| Commercial and financial:                  |                        |            |           |            |
| Non-consumer non-real estate               | 15,940                 | 13,481     | 2,555     | 16,393     |
| Consumer non-real estate                   | 657                    | 636        | 122       | 596        |
| Other loans                                | 5,902                  | 5,826      | 157       | 5,882      |
| Acquired loans                             | 7,373                  | 4,890      | —         | 5,085      |
| Total                                      | \$57,072               | \$ 48,411  | \$ 3,852  | \$ 51,317  |
| As of December 31, 2014                    |                        |            |           |            |
| Real estate:                               |                        |            |           |            |
| Non-residential real estate owner occupied | \$521                  | \$ 448     | \$ 15     | \$ 453     |
| Non-residential real estate other          | 23,154                 | 21,164     | 1,364     | 21,522     |
| Residential real estate permanent mortgage | 1,095                  | 880        | 85        | 1,042      |
| Residential real estate all other          | 2,480                  | 2,270      | 299       | 2,273      |
| Commercial and financial:                  |                        |            |           |            |
| Non-consumer non-real estate               | 1,895                  | 1,580      | 431       | 1,646      |
| Consumer non-real estate                   | 664                    | 648        | 138       | 602        |
| Other loans                                | 2,101                  | 1,659      | 228       | 1,512      |
| Acquired loans                             | 10,933                 | 7,708      | —         | 8,082      |
| Total                                      | \$42,843               | \$ 36,357  | \$ 2,560  | \$ 37,132  |

## Credit Risk Monitoring and Loan Grading

The Company considers various factors to monitor the credit risk in the loan portfolio including volume and severity of loan delinquencies, nonaccrual loans, internal grading of loans, historical loan loss experience and economic conditions.

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 classification categories or any financial reporting definitions.

The general characteristics of the risk grades are disclosed in Note (5) to the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

The following table presents internal loan grading by class of loans:

|  | Internal Loan Grading |           |          |          |       | Total       |
|--|-----------------------|-----------|----------|----------|-------|-------------|
|  | Grade<br>1            | 2         | 3        | 4        | 5     |             |
| (Dollars in thousands)                     |                       |           |          |          |       |             |
| As of September 30, 2015                   |                       |           |          |          |       |             |
| Real estate:                               |                       |           |          |          |       |             |
| Non-residential real estate owner occupied | \$408,259             | \$78,173  | \$6,663  | \$183    | \$—   | \$493,278   |
| Non-residential real estate other          | 872,939               | 129,399   | 30,023   | 4,878    | —     | 1,037,239   |
| Residential real estate permanent mortgage | 288,436               | 29,520    | 6,393    | 788      | —     | 325,137     |
| Residential real estate all other          | 544,388               | 106,840   | 10,200   | 1,607    | —     | 663,035     |
| Commercial and financial:                  |                       |           |          |          |       |             |
| Non-consumer non-real estate               | 775,900               | 133,200   | 11,804   | 13,498   | —     | 934,402     |
| Consumer non-real estate                   | 252,581               | 13,583    | 1,690    | 512      | 2     | 268,368     |
| Other loans                                | 153,197               | 4,696     | 1,027    | 2,406    | —     | 161,326     |
| Acquired loans                             | 53,350                | 10,347    | 8,727    | 4,311    | 149   | 76,884      |
| Total                                      | \$3,349,050           | \$505,758 | \$76,527 | \$28,183 | \$151 | \$3,959,669 |
| As of December 31, 2014                    |                       |           |          |          |       |             |
| Real estate:                               |                       |           |          |          |       |             |
| Non-residential real estate owner occupied | \$402,706             | \$75,555  | \$5,008  | \$366    | \$—   | \$483,635   |
| Non-residential real estate other          | 795,209               | 133,542   | 20,126   | 5,126    | —     | 954,003     |
| Residential real estate permanent mortgage | 272,411               | 27,855    | 6,369    | 944      | —     | 307,579     |
| Residential real estate all other          | 529,555               | 99,214    | 6,146    | 2,173    | —     | 637,088     |
| Commercial and financial:                  |                       |           |          |          |       |             |
| Non-consumer non-real estate               | 821,094               | 117,457   | 26,550   | 1,606    | —     | 966,707     |
| Consumer non-real estate                   | 233,424               | 12,229    | 1,548    | 564      | —     | 247,765     |
| Other loans                                | 147,758               | 4,261     | 601      | 173      | 191   | 152,984     |
| Acquired loans                             | 46,465                | 36,951    | 12,651   | 5,206    | 364   | 101,637     |
| Total                                      | \$3,248,622           | \$507,064 | \$78,999 | \$16,158 | \$555 | \$3,851,398 |

#### Allowance for Loan Losses Methodology

The allowance for loan losses (“ALL”) methodology is disclosed in Note (5) to the Company’s Annual Report on Form 10-K for the year ended December 31, 2014.

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The following table details activity in the ALL by class of 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.

|  | ALL<br>Balance<br>at<br>beginning<br>of<br>period<br>(Dollars in thousands) | Charge-<br>offs  | Recoveries    | Net<br>charge-offs | Provisions<br>charged to<br>operations | Balance<br>at<br>end of<br>period |
|--|---|------------------|---------------|--------------------|--|-----------------------------------|
| <b>Three Months Ended September 30, 2015</b> |   |                  |               |                    |  |                                   |
| <b>Real estate:</b>                          |   |                  |               |                    |  |                                   |
| Non-residential real estate owner occupied   | \$4,503   | \$—              | \$ —          | \$ —               | \$ 36                                  | \$4,539                           |
| Non-residential real estate other            | 9,880   | (708 )           | 1             | (707 )             | 814                                    | 9,987                             |
| Residential real estate permanent mortgage   | 3,110   | (28 )            | 15            | (13 )              | (26 )                                  | 3,071                             |
| Residential real estate all other            | 6,485   | (48 )            | 4             | (44 )              | 168                                    | 6,609                             |
| <b>Commercial and financial:</b>             |   |                  |               |                    |  |                                   |
| Non-consumer non-real estate                 | 13,713  | (2,180)          | 38            | (2,142 )           | 86                                     | 11,657                            |
| Consumer non-real estate                     | 2,499   | (152 )           | 35            | (117 )             | 160                                    | 2,542                             |
| Other loans                                  | 2,431   | (20 )            | 6             | (14 )              | 134                                    | 2,551                             |
| Acquired loans                               | —   | (38 )            | —             | (38 )              | 52                                     | 14                                |
| <b>Total</b>                                 | <b>\$42,621</b>   | <b>\$(3,174)</b> | <b>\$ 99</b>  | <b>\$(3,075)</b>   | <b>\$ 1,424</b>                        | <b>\$40,970</b>                   |
| <b>Nine Months Ended September 30, 2015</b>  |   |                  |               |                    |  |                                   |
| <b>Real estate:</b>                          |   |                  |               |                    |  |                                   |
| Non-residential real estate owner occupied   | \$4,406   | \$(1 )           | \$ 1          | \$ —               | \$ 133                                 | \$4,539                           |
| Non-residential real estate other            | 9,616   | (708 )           | 2             | (706 )             | 1,077                                  | 9,987                             |
| Residential real estate permanent mortgage   | 2,948   | (124 )           | 29            | (95 )              | 218                                    | 3,071                             |
| Residential real estate all other            | 6,269   | (123 )           | 13            | (110 )             | 450                                    | 6,609                             |
| <b>Commercial and financial:</b>             |   |                  |               |                    |  |                                   |
| Non-consumer non-real estate                 | 12,771  | (2,349)          | 76            | (2,273 )           | 1,159                                  | 11,657                            |
| Consumer non-real estate                     | 2,404   | (382 )           | 90            | (292 )             | 430                                    | 2,542                             |
| Other loans                                  | 2,359   | (283 )           | 15            | (268 )             | 460                                    | 2,551                             |
| Acquired loans                               | 116   | (232 )           | 28            | (204 )             | 102                                    | 14                                |
| <b>Total</b>                                 | <b>\$40,889</b>   | <b>\$(4,202)</b> | <b>\$ 254</b> | <b>\$(3,948)</b>   | <b>\$ 4,029</b>                        | <b>\$40,970</b>                   |

|  | ALL                    |                   |                 |                  | Balance           |                 |
|--|------------------------|-------------------|-----------------|------------------|-------------------|-----------------|
|  | Balance                |                   |                 |                  | at                |                 |
|  | at                     |                   |                 |                  | Provisions        |                 |
|  | beginning              |                   |                 |                  | at                |                 |
|  | of                     | Charge-           | Recoveries      | Net              | charged to        | end of          |
|  | period                 | offs              |                 | charge-offs      | operations        | period          |
|  | (Dollars in thousands) |                   |                 |                  |                   |                 |
| <b>Three Months Ended September 30, 2014</b> |                        |                   |                 |                  |                   |                 |
| Real estate:                                 |                        |                   |                 |                  |                   |                 |
| Non-residential real estate owner occupied   | \$5,241                | \$—               | \$ 20           | \$ 20            | \$ (798 )         | \$4,463         |
| Non-residential real estate other            | 11,238                 | (29 )             | 45              | 16               | (1,784 )          | 9,470           |
| Residential real estate permanent mortgage   | 3,310                  | (12 )             | 18              | 6                | (464 )            | 2,852           |
| Residential real estate all other            | 6,815                  | (23 )             | 9               | (14 )            | (649 )            | 6,152           |
| Commercial and financial:                    |                        |                   |                 |                  |                   |                 |
| Non-consumer non-real estate                 | 11,967                 | (391 )            | 21              | (370 )           | 412               | 12,009          |
| Consumer non-real estate                     | 2,645                  | (177 )            | 58              | (119 )           | (132 )            | 2,394           |
| Other loans                                  | 1,993                  | (93 )             | 8               | (85 )            | 219               | 2,127           |
| Acquired loans                               | 88                     | (201 )            | 32              | (169 )           | 81                | —               |
| <b>Total</b>                                 | <b>\$43,297</b>        | <b>\$(926 )</b>   | <b>\$ 211</b>   | <b>\$ (715 )</b> | <b>\$(3,115 )</b> | <b>\$39,467</b> |
| <b>Nine Months Ended September 30, 2014</b>  |                        |                   |                 |                  |                   |                 |
| Real estate:                                 |                        |                   |                 |                  |                   |                 |
| Non-residential real estate owner occupied   | \$4,827                | \$(22 )           | \$ 85           | \$ 63            | \$(427 )          | \$4,463         |
| Non-residential real estate other            | 11,026                 | (29 )             | 48              | 19               | (1,575 )          | 9,470           |
| Residential real estate permanent mortgage   | 2,825                  | (174 )            | 59              | (115 )           | 142               | 2,852           |
| Residential real estate all other            | 6,708                  | (116 )            | 23              | (93 )            | (463 )            | 6,152           |
| Commercial and financial:                    |                        |                   |                 |                  |                   |                 |
| Non-consumer non-real estate                 | 8,977                  | (522 )            | 51              | (471 )           | 3,503             | 12,009          |
| Consumer non-real estate                     | 2,556                  | (508 )            | 166             | (342 )           | 180               | 2,394           |
| Other loans                                  | 1,991                  | (344 )            | 135             | (209 )           | 345               | 2,127           |
| Acquired loans                               | 124                    | (366 )            | 715             | 349              | (473 )            | —               |
| <b>Total</b>                                 | <b>\$39,034</b>        | <b>\$(2,081 )</b> | <b>\$ 1,282</b> | <b>\$ (799 )</b> | <b>\$ 1,232</b>   | <b>\$39,467</b> |

The following table details the amount of ALL by class of loans for the period presented, detailed on the basis of the impairment methodology used by the Company.

| ALL                |              | ALL               |              |
|--------------------|--------------|-------------------|--------------|
| September 30, 2015 |              | December 31, 2014 |              |
| Individually       | Collectively | Individually      | Collectively |
| evaluated          | evaluated    | evaluated         | evaluated    |
| for                | for          | for               | for          |



|   | impairment             | impairment | impairment             | impairment |
|---|------------------------|------------|------------------------|------------|
|   | (Dollars in thousands) |            | (Dollars in thousands) |            |
| Real estate:                                |                        |            |                        |            |
| Non-residential real estate owner occupied. | \$257                  | \$ 4,282   | \$202                  | \$ 4,204   |
| Non-residential real estate other           | 1,321                  | 8,666      | 1,518                  | 8,098      |
| Residential real estate permanent mortgage  | 380                    | 2,691      | 407                    | 2,541      |
| Residential real estate all other           | 865                    | 5,744      | 743                    | 5,526      |
| Commercial and financial:                   |                        |            |                        |            |
| Non-consumer non-real estate                | 3,712                  | 7,945      | 4,671                  | 8,100      |
| Consumer non-real estate                    | 352                    | 2,190      | 372                    | 2,032      |
| Other loans                                 | 52                     | 2,499      | 214                    | 2,145      |
| Acquired loans                              | —                      | 14         | —                      | 116        |
| Total                                       | \$6,939                | \$ 34,031  | \$8,127                | \$ 32,762  |

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The following table details the loans outstanding by class of loans for the period presented, on the basis of the impairment methodology used by the Company.

|  | Loans<br>September 30, 2015  |  |  | December 31, 2014                            |  |  |
|--|--|--|--|--|--|--|
|  | Individual<br>evaluated<br>for<br>impairment<br>(Dollars in thousands) | Collectively<br>evaluated<br>for<br>impairment | Loans<br>acquired<br>with<br>deteriorated<br>credit<br>quality | Individual<br>evaluated<br>for<br>impairment | Collectively<br>evaluated<br>for<br>impairment | Loans<br>acquired<br>with<br>deteriorated<br>credit<br>quality |
| <b>Real estate:</b>                        |  |  |  |  |  |  |
| Non-residential real estate owner occupied | \$6,846  | \$486,432                                      | \$ —   | \$5,374                                      | \$478,261                                      | \$ —   |
| Non-residential real estate other          | 34,900   | 1,002,339                                      | —  | 25,251                                       | 928,752  | —  |
| Residential real estate permanent mortgage | 7,181  | 317,956  | —  | 7,313  | 300,266  | —  |
| Residential real estate all other          | 11,807   | 651,228  | —  | 8,319  | 628,769  | —  |
| <b>Commercial and financial:</b>           |  |  |  |  |  |  |
| Non-consumer non-real estate               | 25,302   | 909,100  | —  | 28,156                                       | 938,551  | —  |
| Consumer non-real estate                   | 2,199  | 266,169  | —  | 2,112  | 245,653  | —  |
| Other loans                                | 166  | 161,160  | —  | 233  | 152,751  | —  |
| Acquired loans                             | —  | 63,697   | 13,187   | —  | 83,416   | 18,221   |
| <b>Total</b>                               | <b>\$88,401</b>  | <b>\$3,858,081</b>                             | <b>\$ 13,187</b>   | <b>\$76,758</b>                              | <b>\$3,756,419</b>                             | <b>\$ 18,221</b>   |
| Transfers from Loans                       |  |  |  |  |  |  |

Transfers from loans to other real estate owned and repossessed assets are non-cash transactions, and are not included in the statements of cash flow. Transfers from loans to other real estate owned and repossessed assets during the periods presented, are summarized as follows:

|                         | Nine Months<br>Ended  |                       |
|-------------------------|-----------------------|-----------------------|
|                         | September 30,<br>2015 | September 30,<br>2014 |
| Other real estate owned | \$3,155               | \$2,073               |
| Repossessed assets      | 794                   | 955                   |
| <b>Total</b>            | <b>\$3,949</b>        | <b>\$3,028</b>        |

## (5) INTANGIBLE ASSETS

The following is a summary of intangible assets:

|                                   | Gross                  |              | Net       |
|-----------------------------------|------------------------|--------------|-----------|
|                                   | Carrying               | Accumulated  | Carrying  |
|                                   | Amount                 | Amortization | Amount    |
|                                   | (Dollars in thousands) |              |           |
| As of September 30, 2015          |                        |              |           |
| Core deposit intangibles          | \$13,198               | \$ (7,074 )  | \$ 6,124  |
| Customer relationship intangibles | 5,699                  | (2,970 )     | 2,729     |
| Mortgage servicing intangibles    | 570                    | (220 )       | 350       |
| Total                             | \$19,467               | \$ (10,264 ) | \$ 9,203  |
| As of December 31, 2014           |                        |              |           |
| Core deposit intangibles          | \$13,198               | \$ (6,013 )  | \$ 7,185  |
| Customer relationship intangibles | 5,699                  | (2,699 )     | 3,000     |
| Mortgage servicing intangibles    | 643                    | (193 )       | 450       |
| Total                             | \$19,540               | \$ (8,905 )  | \$ 10,635 |

The following is a summary of goodwill by business segment:

|                               | Metropolitan<br>Banks  | Community<br>Banks | Other<br>Financial<br>Services | Executive,<br>Operations<br>& Support | Consolidated |
|-------------------------------|------------------------|--------------------|--------------------------------|---------------------------------------|--------------|
|                               | (Dollars in thousands) |                    |                                |                                       |              |
| Balance at December 31, 2014  | \$8,078                | \$ 30,970          | \$ 5,464                       | \$ 450                                | \$ 44,962    |
| Impairment                    | —                      | (368 )             | —                              | —                                     | (368 )       |
| Balance at September 30, 2015 | \$8,078                | \$ 30,602          | \$ 5,464                       | \$ 450                                | \$ 44,594    |

In June 2015, the Company recorded an impairment loss of \$368,000 after adopting a plan in the second quarter to close a small branch and leave a full-service ATM to serve the community.

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, 2014.

#### (6) STOCK-BASED COMPENSATION

The Company adopted a nonqualified incentive stock option plan (the "BancFirst ISOP") in May 1986. The Company amended the BancFirst ISOP to increase the number of shares to be issued under the plan to 3,000,000 shares in May 2013. At September 30, 2015, 29,485 shares were available for future grants. The BancFirst ISOP will terminate on December 31, 2019. The options are exercisable beginning four years from the date of grant at the rate of 25% per year for four years. Options expire at the end of fifteen years from the date of grant. Options outstanding as of September 30, 2015 will become exercisable through the year 2022. The option price must be no less than 100% of the fair value of the stock relating to such option at the date of grant.

In June 1999, the Company adopted the BancFirst Corporation Non-Employee Directors' Stock Option Plan (the "BancFirst Directors' Stock Option Plan"). Each non-employee director is granted an option for 10,000 shares. The Company amended the BancFirst Directors' Stock Option Plan to increase the number of shares to be issued under the plan to 230,000 shares in May 2014. At September 30, 2015, 20,000 shares were available for future grants. The options are exercisable beginning one year from the date of grant at the rate of 25% per year for four years, and expire at the end of fifteen years from the date of grant. Options outstanding as of September 30, 2015 will become exercisable through the year 2018. The option price must be no less than 100% of the fair value of the stock relating to such option at the date of grant.

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

The following table is a summary of the activity under both the BancFirst ISOP and the BancFirst Directors' Stock Option Plan:

|  | Wgted.<br>Avg. | Wgted. Avg.<br>Remaining | Aggregate |
|--|----------------|--------------------------|-----------|
|--|----------------|--------------------------|-----------|

|   | Options   | Exercise Price | Contractual Term | Intrinsic Value |
|---|-----------|----------------|------------------|-----------------|
| (Dollars in thousands, except per share data) |           |                |                  |                 |
| Nine Months Ended September 30, 2015          |           |                |                  |                 |
| Outstanding at December 31, 2014              | 1,029,657 | \$ 36.55       |                  |                 |
| Options granted                               | 108,000   | 59.84          |                  |                 |
| Options exercised                             | (86,482 ) | 24.65          |                  |                 |
| Options canceled, forfeited, or expired       | (22,500 ) | 37.14          |                  |                 |
| Outstanding at September 30, 2015             | 1,028,675 | 39.98          | 8.82             | \$ 23,782       |
| Exercisable at September 30, 2015             | 474,500   | 32.17          | 5.28 Yr          | \$ 14,677       |

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The following table has additional information regarding options granted and options exercised under both the BancFirst ISOP and the BancFirst Directors' Stock Option Plan:

|   | Three Months Ended     |                    | Nine Months Ended  |                    |
|---|------------------------|--------------------|--------------------|--------------------|
|   | September 30, 2015     | September 30, 2014 | September 30, 2015 | September 30, 2014 |
|   | (Dollars in thousands) |                    |                    |                    |
| Weighted average grant-date fair value per share of options granted | \$ 11.89               | \$ 12.75           | \$ 11.55           | \$ 12.57           |
| Total intrinsic value of options exercised                          | 1,129                  | 1,560              | 3,258              | 3,606              |
| Cash received from options exercised                                | 779                    | 1,605              | 2,132              | 3,247              |
| Tax benefit realized from options exercised                         | 437                    | 604                | 1,260              | 1,395              |

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model and is based on certain assumptions including risk-free rate of return, dividend yield, stock price volatility and the expected term. The fair value of each option is expensed over its vesting period.

The following table is a summary of the Company's recorded stock-based compensation expense:

|  | Three Months Ended     |                    | Nine Months Ended  |                    |
|--|------------------------|--------------------|--------------------|--------------------|
|  | September 30, 2015     | September 30, 2014 | September 30, 2015 | September 30, 2014 |
|  | (Dollars in thousands) |                    |                    |                    |
| Stock-based compensation expense             | \$ 489                 | \$ 448             | \$ 1,243           | \$ 1,224           |
| Tax benefit                                  | 189                    | 173                | 481                | 473                |
| Stock-based compensation expense, net of tax | \$ 300                 | \$ 275             | \$ 762             | \$ 751             |

The Company will continue to amortize the remaining fair value of stock options over the remaining vesting period of approximately seven years. The following table shows the remaining fair value of stock options:

|                             | September 30, 2015     |
|-----------------------------|------------------------|
|                             | (Dollars in thousands) |
| Fair value of stock options | \$ 4,186               |

The following table shows the assumptions used for computing stock-based compensation expense under the fair value method during the periods presented:

Nine Months Ended

|                         | September 30,   |                 |
|-------------------------|-----------------|-----------------|
|                         | 2015            | 2014            |
| Risk-free interest rate | 1.83 to 2.26%   | 2.50 to 2.54%   |
| Dividend yield          | 2.00%           | 2.00%           |
| Stock price volatility  | 18.23 to 19.65% | 18.62 to 18.98% |
| Expected term           | 10 Yrs          | 10 Yrs          |

The risk-free interest rate is determined by reference to the spot zero-coupon rate for the U.S. Treasury security with a maturity similar to the expected term of the options. The dividend yield is the expected yield for the expected term. The stock price volatility is estimated from the recent historical volatility of the Company's stock. The expected term is estimated from the historical option exercise experience.

#### (7) STOCKHOLDERS' EQUITY

In November 1999, the Company adopted a Stock Repurchase Program (the "SRP"). The SRP may be used as a means to increase earnings per share and return on equity, 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 may be determined by management and approved by the Company's Executive Committee.

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

|                                     | Nine Months<br>Ended  |         |
|-------------------------------------|-----------------------|---------|
|                                     | September 30,<br>2015 | 2014    |
| Number of shares repurchased        | —                     | —       |
| Average price of shares repurchased | —                     | —       |
| Shares remaining to be repurchased  | 194,723               | 194,723 |

The Company and BancFirst 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 the Company’s and BancFirst’s 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 financial statements. Management believes that as of September 30, 2015, the Company and BancFirst 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  |       | To Be Well<br>Capitalized |        |
|------------------------------|------------------------|--------|-----------|-------|---------------------------|--------|
|                              | Amount                 | Ratio  | Amount    | Ratio | Amount                    | Ratio  |
|                              | (Dollars in thousands) |        |           |       |                           |        |
| As of September 30, 2015:    |                        |        |           |       |                           |        |
| Total Capital                |                        |        |           |       |                           |        |
| (to Risk Weighted Assets)-   |                        |        |           |       |                           |        |
| BancFirst Corporation        | \$662,299              | 15.27% | \$346,902 | 8.00% | N/A                       | N/A    |
| BancFirst                    | 606,989                | 14.08% | 344,890   | 8.00% | \$431,113                 | 10.00% |
| Common Equity Tier 1 Capital |                        |        |           |       |                           |        |
| (to Risk Weighted Assets)-   |                        |        |           |       |                           |        |
| BancFirst Corporation        | \$595,329              | 13.73% | \$195,133 | 4.50% | N/A                       | N/A    |
| BancFirst                    | 546,019                | 12.67% | 194,001   | 4.50% | \$280,223                 | 6.50%  |
| Tier 1 Capital               |                        |        |           |       |                           |        |
| (to Risk Weighted Assets)-   |                        |        |           |       |                           |        |
| BancFirst Corporation        | \$621,329              | 14.33% | \$260,177 | 6.00% | N/A                       | N/A    |
| BancFirst                    | 566,019                | 13.13% | 258,668   | 6.00% | \$344,890                 | 8.00%  |
| Tier 1 Capital               |                        |        |           |       |                           |        |
| (to Total Assets)-           |                        |        |           |       |                           |        |
| BancFirst Corporation        | \$621,329              | 9.77%  | \$256,245 | 4.00% | N/A                       | N/A    |
| BancFirst                    | 566,019                | 8.91%  | 255,669   | 4.00% | \$319,586                 | 5.00%  |

As of September 30, 2015, the most recent notification from the Federal Reserve Bank of Kansas City and the FDIC categorized BancFirst as “well capitalized” under the regulatory framework from prompt corrective action. The Company’s trust preferred securities have continued to be included in Tier 1 capital as the Company’s total assets do



not exceed \$15 billion. There are no conditions or events since the most recent notifications of BancFirst's capital category that management believes would materially change its category under capital requirements existing as of the report date.

#### Basel III Capital Rules

The Basel III Capital Rules were effective for the Company and BancFirst on January 1, 2015 (subject to a 4-year phase-in period).

The Basel III Capital Rules, among other things, (i) introduce a new capital measure called "Common Equity Tier 1" ("CET1"), (ii) specify that Tier 1 capital consist of CET1 and "Additional Tier 1 capital" instruments meeting specified requirements, (iii) define CET1 narrowly by requiring that most deductions/adjustments to regulatory capital measures be made to CET1 and not to the other components of capital and (iv) expand the scope of the deductions/adjustments as compared to existing regulations.

Implementation of the deductions and other adjustments to CET1 began on January 1, 2015 and will be phased-in over a 4-year period (beginning at 40% on January 1, 2015 and an additional 20% per year thereafter). Under the new rule, in order to avoid limitations on capital distributions, including dividend payments and certain discretionary bonus payments to executive officers, a banking organization must hold a capital conservation buffer composed of CET1 capital above its minimum risk-based capital

requirements. The implementation of the capital conservation buffer will begin on January 1, 2016 at the 0.625% level and be phased in over a four-year period (increasing by that amount on each subsequent January 1, until it reaches 2.5% on January 1, 2019).

Management believes that, as of September 30, 2015, the Company and BancFirst would meet all capital adequacy requirements under the Basel III Capital Rules on a fully phased-in basis as if such requirements were currently in effect.

#### (8) NET INCOME PER COMMON SHARE

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

|  | Income  | Shares     | Per Share |
|--|---|------------|-----------|
|  | (Numerator/Denominator)                       |            | Amount    |
|  | (Dollars in thousands, except per share data) |            |           |
| <b>Three Months Ended September 30, 2015</b>         |   |            |           |
| <b>Basic</b>   |   |            |           |
| Income available to common stockholders              | \$ 15,630                                     | 15,581,593 | \$ 1.01   |
| Effect of stock options                              | —   | 324,531    |           |
| <b>Diluted</b>                                       |   |            |           |
| Income available to common stockholders plus assumed |   |            |           |
| exercises of stock options                           | \$ 15,630                                     | 15,906,124 | \$ 0.98   |
| <b>Three Months Ended September 30, 2014</b>         |   |            |           |
| <b>Basic</b>   |   |            |           |
| Income available to common stockholders              | \$ 18,793                                     | 15,425,920 | \$ 1.22   |
| Effect of stock options                              | —   | 369,923    |           |
| <b>Diluted</b>                                       |   |            |           |
| Income available to common stockholders plus assumed |   |            |           |
| exercises of stock options                           | \$ 18,793                                     | 15,795,843 | \$ 1.19   |
| <b>Nine Months Ended September 30, 2015</b>          |   |            |           |
| <b>Basic</b>   |   |            |           |
| Income available to common stockholders              | \$ 50,442                                     | 15,542,027 | \$ 3.25   |
| Effect of stock options                              | —   | 329,964    |           |
| <b>Diluted</b>                                       |   |            |           |
| Income available to common stockholders plus assumed |   |            |           |
| exercises of stock options                           | \$ 50,442                                     | 15,871,991 | \$ 3.18   |
| <b>Nine Months Ended September 30, 2014</b>          |   |            |           |
| <b>Basic</b>   |   |            |           |
| Income available to common stockholders              | \$ 48,138                                     | 15,412,611 | \$ 3.12   |
| Effect of stock options                              | —   | 361,686    |           |

## Diluted

Income available to common stockholders plus assumed

exercises of stock options \$48,138 15,774,297 \$ 3.05

The following table shows the number and average exercise price of options that were excluded from the computation of diluted net income per common share for each period because the options' exercise prices were greater than the average market price of the common shares:

|                                       | Average |                |
|---------------------------------------|---------|----------------|
|                                       | Shares  | Exercise Price |
| Three Months Ended September 30, 2015 | 145,261 | \$ 60.51       |
| Three Months Ended September 30, 2014 | 76,413  | 56.23          |
| Nine Months Ended September 30, 2015  | 165,927 | \$ 58.33       |
| Nine Months Ended September 30, 2014  | 63,645  | 55.35          |

## (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 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 management judgment or estimation. This category includes certain impaired loans, foreclosed assets, other real estate, 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.

#### Securities Available for Sale

Securities classified as available for sale are reported at fair value. U.S. Treasuries are valued using Level 1 inputs. Other securities available for sale including U.S. federal agencies, registered mortgage backed 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 the bond's terms and conditions, among other things. The Company also invests in private label mortgage backed securities and equity securities classified as available for sale for which observable information is not readily available. These securities are reported at fair value utilizing Level 3 inputs. For these securities, management determines the fair value based on replacement cost, the income approach or information provided by outside consultants or lead investors.

The Company reviews the prices for Level 1 and Level 2 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 securities that are esoteric or that have complicated structures. The Company's entire portfolio consists of traditional investments including U.S. Treasury obligations, federal agency mortgage pass-through securities, general obligation municipal bonds and a small amount of municipal revenue bonds. Pricing for such instruments is fairly generic and 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. From time to time, the Company will validate, on a sample basis, 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.

#### 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.

## Mortgage Servicing Intangibles

The Company acquired mortgage servicing intangibles with the acquisition of 1<sup>st</sup> Bank Oklahoma on July 12, 2011. Mortgage Servicing Intangibles are amortized based on current prepayment assumptions and are adjusted to fair value semi-annually, if impaired. Fair value is estimated based on the present value of future cash flows over several interest rate scenarios, which are then discounted at risk-adjusted rates. The Company considers portfolio characteristics, contractually specified servicing fees, prepayment assumptions, delinquency rates, late charges, other ancillary revenue, costs to service and other economic factors. When available, fair value estimates and assumptions are compared to observable market data and the recent market activity and actual portfolio experience.

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<br>Inputs<br>(Dollars in thousands) | Level 2<br>Inputs | Level 3<br>Inputs | Total Fair Value |
|-----------------------------------|---|-------------------|-------------------|------------------|
| <b>September 30, 2015</b>         |   |                   |                   |                  |
| Securities available for sale:    |   |                   |                   |                  |
| U.S. Treasury                     | \$281,297                                   | \$—               | \$—               | \$ 281,297       |
| U.S. federal agencies             | —   | 134,486           | —                 | 134,486          |
| Mortgage-backed securities        | —   | 7,073             | 15,457            | 22,530           |
| States and political subdivisions | —   | 51,326            | —                 | 51,326           |
| Other securities                  | —   | 3,455             | 6,431             | 9,886            |
| Derivative assets                 | —   | 2,357             | —                 | 2,357            |
| Derivative liabilities            | —   | 1,335             | —                 | 1,335            |
| Loans held for sale               | —   | 12,406            | —                 | 12,406           |
| Mortgage servicing intangibles    | —   | —                 | 350               | 350              |
| <b>December 31, 2014</b>          |   |                   |                   |                  |
| Securities available for sale:    |   |                   |                   |                  |
| U.S. Treasury                     | \$248,993                                   | \$—               | \$—               | \$ 248,993       |
| U.S. federal agencies             | —   | 172,449           | —                 | 172,449          |
| Mortgage-backed securities        | —   | 9,425             | 17,032            | 26,457           |
| States and political subdivisions | —   | 53,373            | —                 | 53,373           |
| Other securities                  | —   | 3,491             | 11,427            | 14,918           |
| Derivative assets                 | —   | 6,124             | —                 | 6,124            |
| Derivative liabilities            | —   | 4,756             | —                 | 4,756            |
| Loans held for sale               | —   | 9,433             | —                 | 9,433            |
| Mortgage servicing intangibles    | —   | —                 | 450               | 450              |

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

Nine Months  
Ended  
  
September 30

|                                      | 2015                   | 2014     |
|--------------------------------------|------------------------|----------|
|                                      | (Dollars in thousands) |          |
| Balance at the beginning of the year | \$28,909               | \$32,002 |
| Purchases, issuances and settlements | (1,070 )               | (1,518 ) |
| Sales                                | (8,593 )               | (813 )   |
| Gains included in earnings           | 7,021                  | 673      |
| Total unrealized (losses) gains      | (4,029 )               | 156      |
| Balance at the end of the period     | \$22,238               | \$30,500 |

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 nine months ended September 30, 2015 and 2014, the Company did not transfer any securities between levels in the fair value hierarchy.

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

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

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

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

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 and the related losses recognized during the period:

|  | Total Fair Value<br>3<br>(Dollars in thousands) | Level<br>Losses |
|--|---|-----------------|
| As of and for the Year-to-date Period Ended September 30, 2015 |   |                 |
| Impaired loans (less specific allowance)                       | \$ 44,559                                       | \$ —            |
| Foreclosed assets  | 213   | —               |
| Other real estate owned  | 7,650   | 30              |
| As of and for the Year-to-date Period Ended December 31, 2014  |   |                 |
| Impaired loans (less specific allowance)                       | \$ 33,797                                       | \$ —            |
| Foreclosed assets  | 220   | —               |
| Other real estate owned  | 7,859   | 730             |

## Estimated Fair Value of Financial Instruments

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

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

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

Securities Held for Investment



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

#### Loans

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

#### Deposits

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

## Short-term Borrowings

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

## Junior Subordinated Debentures

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

## 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:

|  | September 30,<br>2015<br>Carrying |             | December 31,<br>2014<br>Carrying |             |
|--|-----------------------------------|-------------|----------------------------------|-------------|
|  | Amount                            | Fair Value  | Amount                           | Fair Value  |
|  | (Dollars in thousands)            |             |                                  |             |
| <b>FINANCIAL ASSETS</b>                        |                                   |             |                                  |             |
| Level 2 inputs:                                |                                   |             |                                  |             |
| Cash and cash equivalents                      | \$1,655,061                       | \$1,655,061 | \$1,913,895                      | \$1,913,895 |
| Securities held for investment                 | 8,333                             | 8,398       | 8,593                            | 8,671       |
| Level 3 inputs:                                |                                   |             |                                  |             |
| Loans, net of allowance for loan losses        | 3,918,699                         | 3,965,439   | 3,810,509                        | 3,847,791   |
| <b>FINANCIAL LIABILITIES</b>                   |                                   |             |                                  |             |
| Level 2 inputs:                                |                                   |             |                                  |             |
| Deposits                                       | 5,698,591                         | 5,750,163   | 5,904,704                        | 5,945,502   |
| Short-term borrowings                          | 3,777                             | 3,777       | 3,982                            | 3,982       |
| Junior subordinated debentures                 | 26,804                            | 28,123      | 26,804                           | 31,200      |
| <b>OFF-BALANCE SHEET FINANCIAL INSTRUMENTS</b> |                                   |             |                                  |             |
| Loan commitments                               |                                   | 1,708       |                                  | 1,640       |
| Letters of credit                              |                                   | 475         |                                  | 478         |

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

The Company has no non-financial assets or non-financial liabilities measured at fair value on a recurring basis. Certain non-financial assets and non-financial liabilities measured at fair value on a nonrecurring basis include intangible assets (excluding mortgage service rights, which are valued semi-annually) and other non-financial long-lived assets measured at fair value and adjusted for impairment. These items are evaluated at least annually for impairment. The overall levels of non-financial assets and non-financial liabilities measured at fair value on a nonrecurring basis were not considered to be significant to the Company at September 30, 2015 or December 31, 2014.

(10) DERIVATIVE FINANCIAL  
INSTRUMENTS

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

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

| Oil and Natural Gas Swaps and Options       | Notional Units    | September 30, 2015 |                      | December 31, 2014 |                      |
|---|-------------------|--------------------|----------------------|-------------------|----------------------|
|   |                   | Notional Amount    | Estimated Fair Value | Notional Amount   | Estimated Fair Value |
| (Notional amounts and dollars in thousands) |                   |                    |                      |                   |                      |
| <b>Oil</b>                                  |                   |                    |                      |                   |                      |
| Derivative assets                           | Barrels           | 55                 | \$ 1,197             | 312               | \$ 4,629             |
| Derivative liabilities                      | Barrels           | (55 )              | (971 )               | (312 )            | (4,271 )             |
| <b>Natural Gas</b>                          |                   |                    |                      |                   |                      |
| Derivative assets                           | MMBTUs            | 3,790              | 1,160                | 2,010             | 1,495                |
| Derivative liabilities                      | MMBTUs            | (3,790)            | (364 )               | (2,010)           | (485 )               |
| <b>Total Fair Value</b>                     |                   |                    |                      |                   |                      |
| Derivative assets                           | Other assets      | 2,357              |                      | 6,124             |                      |
| Derivative liabilities                      | Other liabilities | (1,335 )           |                      | (4,756 )          |                      |

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 September 30, 2015 | Nine Months Ended September 30, 2014 |
|-------------------|---------------------------------------|--------------------------------------|
| Derivative income | \$78                                  | \$72                                 |
|                   | \$270                                 | \$370                                |

(Dollars in thousands)

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

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

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

|  | September 30, 2015 | December 31, 2014 |
|--|--------------------|-------------------|
|  |                    |                   |

(Dollars in thousands)

|                 |          |          |
|-----------------|----------|----------|
| Credit exposure | \$ 1,493 | \$ 4,028 |
|-----------------|----------|----------|

#### Balance Sheet Offsetting

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

#### (11) SEGMENT INFORMATION

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

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

|  | Metropolitan Community<br>Banks |              | Financial<br>Services | Other<br>& Support | Executive,<br>Operations<br>Eliminations | Consolidated |
|--|---------------------------------|--------------|-----------------------|--------------------|--|--------------|
|  | (Dollars in thousands)          |              |                       |                    |  |              |
| <b>Three Months Ended September 30, 2015</b> |                                 |              |                       |                    |  |              |
| Net interest income (expense)                | \$ 15,221                       | \$ 30,429    | \$ 1,638              | \$ (412 )          | \$ —                                     | \$ 46,876    |
| Noninterest income                           | 3,755                           | 13,427       | 7,507                 | 17,250             | (16,615 )                                | 25,324       |
| Income before taxes                          | 9,463                           | 18,693       | 3,098                 | 9,616              | (16,446 )                                | 24,424       |
| <b>Three Months Ended September 30, 2014</b> |                                 |              |                       |                    |  |              |
| Net interest income (expense)                | \$ 15,267                       | \$ 30,076    | \$ 1,594              | \$ (423 )          | \$ —                                     | \$ 46,514    |
| Noninterest income                           | 3,417                           | 13,163       | 7,722                 | 20,105             | (19,469 )                                | 24,938       |
| Income before taxes                          | 10,640                          | 21,377       | 3,002                 | 11,893             | (19,287 )                                | 27,625       |
| <b>Nine Months Ended September 30, 2015</b>  |                                 |              |                       |                    |  |              |
| Net interest income (expense)                | \$ 45,946                       | \$ 88,928    | \$ 5,156              | \$ (1,313 )        | \$ —                                     | \$ 138,717   |
| Noninterest income                           | 10,745                          | 38,743       | 27,621                | 55,868             | (53,642 )                                | 79,335       |
| Income before taxes                          | 29,152                          | 52,500       | 15,015                | 34,024             | (53,372 )                                | 77,319       |
| <b>Nine Months Ended September 30, 2014</b>  |                                 |              |                       |                    |  |              |
| Net interest income (expense)                | \$ 44,426                       | \$ 86,272    | \$ 4,538              | \$ (1,204 )        | \$ —                                     | \$ 134,032   |
| Noninterest income                           | 10,293                          | 38,402       | 21,107                | 51,979             | (49,670 )                                | 72,111       |
| Income before taxes                          | 25,914                          | 54,146       | 8,360                 | 29,252             | (49,396 )                                | 68,276       |
| <b>Total Assets:</b>                         |                                 |              |                       |                    |  |              |
| September 30, 2015                           | \$ 2,220,378                    | \$ 4,081,832 | \$ 124,713            | \$ 685,359         | \$ (706,186 )                            | \$ 6,406,096 |
| December 31, 2014                            | 2,298,828                       | 4,113,783    | 145,814               | 679,194            | (662,647 )                               | 6,574,972    |

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

(12) SUBSEQUENT EVENT

On October 8, 2015, the Company completed its acquisition of CSB Bancshares Inc. and its subsidiary bank, Bank of Commerce, with locations in Yukon, Mustang, and El Reno, Oklahoma. Bank of Commerce has approximately \$196 million in total assets, \$148 million in loans, \$170 million in deposits, and \$22 million in equity capital. The acquisition was accounted for under the acquisition method and the Company acquired 100% of the voting interest. The bank will operate under its present name until it is merged into BancFirst, which is expected to be during the fourth quarter of 2015. The acquisition will not have a material effect on the Company's consolidated financial statements. The acquisition of CSB Bancshares Inc. and its subsidiary bank, Bank of Commerce will complement our community banking strategy by adding two communities to our banking network throughout Oklahoma.

Subsequent to September 30, 2015, the Company recorded a gain on sale of securities of \$2.1 million, related to warrants associated with a loan transaction, which will be included in fourth quarter earnings.

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

The following discussion and analysis presents factors that the Company believes are relevant to an assessment and understanding of the Company's consolidated financial position and results of operations. This discussion and analysis should be read in conjunction with the Company's December 31, 2014 consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014 and the Company's consolidated financial statements and the related Notes included in Item 1.

FORWARD LOOKING STATEMENTS

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

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

Actual results may differ materially from forward-looking statements.



## SUMMARY

BancFirst Corporation's net income was \$15.6 million, or \$0.98 diluted earnings per share, for the third quarter of 2015, compared to net income of \$18.8 million, or \$1.19 diluted earnings per share, for the third quarter of 2014. Net income was \$50.4 million, or \$3.18 diluted earnings per share for the nine months ended September 30, 2015, compared to \$48.1 million, or \$3.05 diluted earnings per share, for the nine months ended September 30, 2014.

The Company's net interest income for the third quarter of 2015 increased to \$46.9 million, compared to \$46.5 million for the third quarter of 2014. The net interest margin for the quarter was 3.12%, compared to 3.13% a year ago. The Company's provision for loan losses for the third quarter of 2015 was \$1.4 million, compared to negative \$3.1 million a year ago. The negative provision in 2014 was due to a release of \$5.31 million of loan loss reserves, partially offset by a \$1.36 million increase in the specific loss reserves for existing adversely classified loans. Net charge-offs for the quarter were 0.08% of average loans, compared to net charge-offs of 0.02% for the third quarter of 2014. Noninterest income for the quarter totaled \$25.3 million, compared to \$24.9 million last year. Noninterest expense for the quarter totaled \$46.4 million, compared to \$46.9 million last year. The Company's effective tax rate increased to 36.0% compared to 32.0% for the third quarter of 2014, due primarily to tax credits that lowered the effective tax rate in 2014.

At September 30, 2015, the Company's total assets were \$6.4 billion, down \$168.9 million or 2.6% from December 31, 2014. Securities decreased \$16.9 million to a total of \$507.9 million. Loans totaled \$4.0 billion, up \$111.2 million or 2.9% from December 31, 2014. Deposits totaled \$5.7 billion, down \$206.1 million or 3.5% from December 31, 2014. The Company's total stockholders' equity was \$646.1 million, an increase of \$36.7 million, or 6.0%, over December 31, 2014.

Asset quality remained strong during the third quarter of 2015. Nonperforming and restructured assets were 0.87% of total assets at September 30, 2015 compared to 0.64% at December 31, 2014. During the second quarter the Company's nonaccrual loans increased due to the downgrade of a single commercial loan. The allowance to total loans was 1.03%, compared to 1.06% at year-end 2014.

Subsequent to September 30, 2015, the Company recorded a gain on sale of securities of \$2.1 million, related to a previously restructured loan, which will be included in fourth quarter earnings.

On October 8, 2015, the Company completed the acquisition of CSB Bancshares, Inc. and its subsidiary bank, Bank of Commerce, with locations in Yukon, Mustang, and El Reno, Oklahoma. Bank of Commerce has approximately \$196 million in total assets, \$148 million in loans, \$170 million in deposits, and \$22 million in equity capital. The bank will operate under its present name until it is merged into BancFirst, which is expected to be during the fourth quarter of 2015.

Oil prices continued to be low during the third quarter of 2015, which had an impact on loan demand. Any continued impact from low oil prices on Oklahoma's economy will become more apparent in future periods.

## FUTURE APPLICATION OF ACCOUNTING STANDARDS

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

## SEGMENT INFORMATION

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

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## RESULTS OF OPERATIONS

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

## BANCFIRST CORPORATION

## SELECTED CONSOLIDATED FINANCIAL DATA

(Unaudited)

(Dollars in thousands, except per share data)

|  | Three Months Ended |                    | Nine Months Ended  |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | September 30, 2015 | September 30, 2014 | September 30, 2015 | September 30, 2014 |
| <b>Income Statement Data</b>           |                    |                    |                    |                    |
| Net interest income                    | \$46,876           | \$46,514           | \$138,717          | \$134,032          |
| Provision for loan losses              | 1,424              | (3,115 )           | 4,029              | 1,232              |
| Securities transactions                | —                  | 284                | 7,121              | 819                |
| Total noninterest income               | 25,324             | 24,938             | 79,335             | 72,111             |
| Salaries and employee benefits         | 28,746             | 28,153             | 84,145             | 81,569             |
| Total noninterest expense              | 46,352             | 46,942             | 136,704            | 136,635            |
| Net income                             | 15,630             | 18,793             | 50,442             | 48,138             |
| <b>Per Common Share Data</b>           |                    |                    |                    |                    |
| Net income – basic                     | \$1.01             | \$1.22             | \$3.25             | \$3.12             |
| Net income – diluted                   | 0.98               | 1.19               | 3.18               | 3.05               |
| Cash dividends                         | 0.36               | 0.34               | 1.04               | 0.96               |
| <b>Performance Data</b>                |                    |                    |                    |                    |
| Return on average assets               | 0.97 %             | 1.17 %             | 1.04 %             | 1.02 %             |
| Return on average stockholders' equity | 9.64               | 12.63              | 10.68              | 11.14              |
| Cash dividend payout ratio             | 35.53              | 27.91              | 32.04              | 30.74              |
| Net interest spread                    | 2.98               | 2.99               | 2.95               | 2.93               |
| Net interest margin                    | 3.12               | 3.13               | 3.09               | 3.07               |
| Efficiency ratio                       | 64.20              | 65.70              | 62.69              | 66.28              |
| Net charge-offs to average loans       | 0.08               | 0.02               | 0.10               | 0.02               |

## Net Interest Income

For the three months ended September 30, 2015, net interest income, which is the Company's principal source of operating revenue, increased to \$46.9 million compared to \$46.5 million for the three months ended September 30, 2014, due to higher volume of earning assets. 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 quarter was 3.12% compared to 3.13% a year ago. If interest rates and/or loan volume do not increase, management would expect its net interest margin to continue to compress in 2015 as higher yielding loans and securities mature and are replaced at current market rates.

Net interest income for the nine months ended September 30, 2015 was \$138.7 million compared to \$134.0 million for the nine months ended September 30, 2014. The net interest margin for the year-to-date increased slightly compared

to the same period of the previous year, as shown in the preceding table.

#### Provision for Loan Losses

The Company's provision for loan loss for the third quarter of 2015 increased to \$1.4 million compared to negative \$3.1 million a year ago. The negative provision in 2014 was due to a release of \$5.31 million of loan loss reserves, partially offset by a \$1.36 million increase in the specific loss reserves for existing adversely classified loans. The Company establishes an allowance as an estimate of the probable inherent losses in the loan portfolio at the balance sheet date. Management believes the allowance for loan losses is appropriate based upon management's best estimate of probable losses that have been incurred within the existing loan portfolio. Should any of the factors considered by management in evaluating the appropriate level of the allowance for loan losses change, the Company's estimate of probable loan losses could also change, which could affect the amount of future provisions for loan losses. Net loan charge-offs were \$3.1 million for the third quarter of 2015, compared to net charge-offs of \$715,000 for the third quarter of 2014. Net charge-offs increased in 2015 due to a \$2.1 million charge off on a portion of a nonaccrual loan. The rate of net charge-offs to average total loans, as presented in the preceding table, continues to be at a very low level.

For the nine months ended September 30, 2015, the Company's provision for loan losses was \$4.0 million, compared to \$1.2 million for the nine months ended September 30, 2014. Net loan charge-offs were \$3.9 million, compared to \$799,000 for the same period of the prior year.

#### Noninterest Income

Noninterest income totaled \$25.3 million for the third quarter of 2015 compared to \$24.9 million for the third quarter of 2014. The Company had fees from debit card usage totaling \$5.7 million and \$5.8 million during the three month periods ended September 30, 2015 and 2014, respectively.

Noninterest income for the nine months ended September 30, 2015 totaled \$79.3 million compared to \$72.1 million for the nine months ended September 30, 2014. Noninterest income increased due to the Company recording a gain from the sale of an investment by the Company's wholly-owned subsidiary Council Oak Partners, LLC, of approximately \$5.3 million and a \$1.7 million gain on the sale of an investment by Council Oak Investment Corporation, a wholly-owned subsidiary of BancFirst. Fees from debit card usage totaled \$17.0 million and \$16.9 million during the nine months ended September 30, 2015 and 2014, respectively.

#### Noninterest Expense

For the three months ended September 30, 2015, noninterest expense totaled \$46.4 million, compared to \$46.9 million for the three months ended September 30, 2014.

For the nine months ended September 30, 2015, noninterest expense totaled \$136.7 million compared to \$136.6 million for the nine months ended September 30, 2014. Annual salary increases in 2015 were offset by a reduction of the amortization on historic tax credits realized in 2014. In addition, the Company recorded an impairment loss of \$368,000, which is included in noninterest expense, after adopting a plan in the second quarter of 2015 to close a small branch and leave a full service ATM to serve the community.

#### Income Taxes

The Company's effective tax rate on income before taxes increased to 36.0% for the third quarter of 2015, compared to 32.0% for the third quarter of 2014, due primarily to tax credits that lowered the effective tax rate in 2014.

The Company's effective tax rate on income before taxes was 34.8% for the first nine months of 2015, compared to 29.5% for the first nine months of 2014 due primarily to tax credits that lowered the effective tax rate in 2014 and the recognition of state deferred tax benefits in 2014.



## FINANCIAL POSITION

## BANCFIRST CORPORATION

## SELECTED CONSOLIDATED FINANCIAL DATA

(Dollars in thousands, except per share data)

|   | September<br>30,<br>2015 |   | December<br>31,<br>2014 |             |
|---|--------------------------|---|-------------------------|-------------|
|   |                          |   |                         | (unaudited) |
| <b>Balance Sheet Data</b>                             |                          |   |                         |             |
| Total assets  | \$6,406,096              |   | \$6,574,972             |             |
| Total loans   | 3,959,669                |   | 3,851,398               |             |
| Allowance for loan losses                             | 40,970                   |   | 40,889                  |             |
| Securities  | 507,858                  |   | 524,783                 |             |
| Deposits  | 5,698,591                |   | 5,904,704               |             |
| Stockholders' equity                                  | 646,061                  |   | 609,314                 |             |
| Book value per share                                  | 41.44                    |   | 39.30                   |             |
| Tangible book value per share                         | 37.99                    |   | 35.71                   |             |
| Average loans to deposits (year-to-date)              | 66.56                    | % | 63.64                   | %           |
| Average earning assets to total assets (year-to-date) | 93.08                    |   | 92.71                   |             |
| Average stockholders' equity to average assets        |                          |   |                         |             |
| (year-to-date)  | 9.73                     |   | 9.19                    |             |
| <b>Asset Quality Ratios</b>                           |                          |   |                         |             |
| Nonperforming and restructured loans to total loans   | 1.20                     | % | 0.88                    | %           |
| Nonperforming and restructured assets to total assets | 0.87                     |   | 0.64                    |             |
| Allowance for loan losses to total loans              | 1.03                     |   | 1.06                    |             |
| Allowance for loan losses to nonperforming and        |                          |   |                         |             |
| restructured loans                                    | 85.77                    |   | 120.05                  |             |

## Cash and Interest-Bearing Deposits with Banks

The aggregate of cash and due from banks and interest-bearing deposits with banks as of September 30, 2015 totaled \$1.7 billion, compared to \$1.9 billion at December 31, 2014.

## Securities

At September 30, 2015, total securities decreased \$16.9 million compared to December 31, 2014. The size of the Company's securities portfolio is determined by the Company's liquidity and asset/liability management. The net unrealized gain on securities available for sale, before taxes, was \$4.2 million at September 30, 2015, compared to an unrealized gain of \$6.8 million at December 31, 2014. These unrealized gains are included in the Company's stockholders' equity as accumulated other comprehensive income, net of income tax, in the amounts of \$2.6 million

and \$4.2 million, respectively. The unrealized gains decreased in 2015 primarily due to the reclassification of an unrealized gain on one investment of \$3.3 million from other comprehensive income to realized gain by Council Oak Partners, LLC, a wholly-owned subsidiary of the Company. The realized gain is reported as securities transactions within the noninterest income section of the consolidated statement of comprehensive income.

#### Loans (Including Acquired Loans)

At September 30, 2015, loans totaled \$4.0 billion, up \$111.2 million or 2.9% from December 31, 2014. The growth in loans was largely driven by commercial real estate, which was up \$59.2 million or 5% from December 31, 2014.

#### Allowance for Loan Losses/Fair Value Adjustments on Acquired Loans

At September 30, 2015, the allowance for loan losses to total loans represented 1.03% of total loans, compared to 1.06% at December 31, 2014. The decrease in the allowance for loan losses to total loans primarily resulted from an increase in charge offs during the period and loan growth.



The fair value adjustment on acquired loans consists of an interest rate component to adjust the effective rates on the loans to market rates and a credit component to adjust for estimated credit exposures in the acquired loans. The credit component of the adjustment was \$3.1 million at September 30, 2015 and \$4.3 million at December 31, 2014 while the acquired loans outstanding were \$76.9 million and \$101.7 million, respectively. The decrease in the credit component in 2015 was due to loan payoffs and accretion.

#### Nonperforming and Restructured Assets

Nonperforming and restructured assets totaled \$55.6 million at September 30, 2015, compared to \$42.1 million at December 31, 2014. The Company's level of nonperforming and restructured assets has continued to be relatively low.

Nonaccrual loans totaled \$30.3 million at September 30, 2015, compared to \$16.4 million at the end of 2014. The Company's nonaccrual loans are primarily commercial and real estate loans. Nonaccrual loans negatively impact the Company's net interest margin. A loan is placed on nonaccrual status when, in the opinion of management, the future collectability of interest or principal or both is in serious doubt. Interest income is recognized on certain of these loans on a cash basis if the full collection of the remaining principal balance is reasonably expected. Otherwise, interest income is not recognized until the principal balance is fully collected. Total interest income which was not accrued on nonaccrual loans outstanding, was approximately \$1.5 million for the nine months ended September 30, 2015 and \$839,000 for the nine months ended September 30, 2014. Only a small amount of this interest is expected to be ultimately collected. During the second quarter of 2015 the Company's nonaccrual loans increased due to the downgrade of a single commercial loan.

Other real estate owned and repossessed assets totaled \$7.9 million at September 30, 2015, compared to \$8.1 million at December 31, 2014. Other real estate owned and repossessed assets decreased due to the sale of two properties during the first quarter of 2015, partially offset by an addition in the second quarter.

Potential problem loans are performing loans to borrowers with a weakened financial condition, or which are experiencing unfavorable trends in their financial condition, which causes management to have concerns as to the ability of such borrowers to comply with the existing repayment terms. The Company had approximately \$5.4 million of these loans at September 30, 2015, compared to \$27.5 million at December 31, 2014. Potential problem loans are not included in nonperforming and restructured loans. In general, these loans are adequately collateralized and have no specific identifiable probable loss. Loans which are considered to have identifiable probable loss potential are placed on nonaccrual status, are allocated a specific allowance for loss or are directly charged-down, and are reported as nonperforming. Potential problem loans decreased due to the downgrade of a single commercial loan that was moved to nonaccrual during the second quarter.

#### Liquidity and Funding

##### Deposits

At September 30, 2015, deposits totaled \$5.7 billion, a decrease of \$206.1 million or 3.5% compared to December 31, 2014. Deposits decreased due to a temporary influx of deposits at year end 2014. The Company's core deposits provide it with a stable, low-cost funding source. The Company's core deposits as a percentage of total deposits were 94.2% at September 30, 2015 compared to 94.1% at December 31, 2014. Noninterest-bearing deposits to total deposits were 39.4% at September 30, 2015, compared to 40.8% at December 31, 2014.

##### Short-Term Borrowings

Short-term borrowings, consisting primarily of federal funds purchased and repurchase agreements are another source of funds for the Company. The level of these borrowings is determined by various factors, including customer demand and the Company's ability to earn a favorable spread on the funds obtained. Short-term borrowings were \$3.8 million

at September 30, 2015, compared to \$4.0 million at December 31, 2014.

#### Long-Term Borrowings

The Company has a line of credit from the Federal Home Loan Bank (“FHLB”) of Topeka, Kansas to use for liquidity or to match-fund certain long-term fixed rate loans. The Company’s assets, including residential first mortgages of \$649.3 million, are pledged as collateral for the borrowings under the line of credit. As of September 30, 2015 and December 31, 2014, the Company had no advances outstanding.

The Company has a revolving line of credit with a bank of up to \$10.0 million. There were no borrowings against the line at September 30, 2015. The line is reviewed annually and is due on demand. Under terms of the line of credit, the Company is required to maintain compliance with specified financial covenants.

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, 2014.

#### Capital Resources

Stockholders' equity totaled \$646.1 million at September 30, 2015, compared to \$609.3 million at December 31, 2014. In addition to net income of \$50.4 million, other changes in stockholders' equity during the nine months ended September 30, 2015 included \$2.8 million related to stock option exercises and \$1.2 million related to stock-based compensation that were partially offset by a \$1.6 million decrease in other comprehensive income and \$16.2 million in dividends. The Company's leverage ratio and total risk-based capital ratios at September 30, 2015, were well in excess of the regulatory requirements.

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

#### CONTRACTUAL OBLIGATIONS

There have not been any material changes in the resources required for scheduled repayments of contractual obligations from the table of Contractual Cash Obligations included in Management's Discussion and Analysis which was included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

## BANCFIRST CORPORATION

## CONSOLIDATED AVERAGE BALANCE SHEETS AND INTEREST MARGIN ANALYSIS

(Unaudited)

Taxable Equivalent Basis (Dollars in thousands)

|   | Three Months Ended September 30, |                                |                           |                    |                                |                           |
|---|----------------------------------|--------------------------------|---------------------------|--------------------|--------------------------------|---------------------------|
|   | 2015                             |                                |                           | 2014               |                                |                           |
|   | Average<br>Balance               | Interest<br>Income/<br>Expense | Average<br>Yield/<br>Rate | Average<br>Balance | Interest<br>Income/<br>Expense | Average<br>Yield/<br>Rate |
| <b>ASSETS</b>                               |                                  |                                |                           |                    |                                |                           |
| Earning assets:                             |                                  |                                |                           |                    |                                |                           |
| Loans (1)                                   | \$3,885,579                      | \$47,455                       | 4.85 %                    | \$3,681,534        | \$46,838                       | 5.05 %                    |
| Securities – taxable                        | 485,862                          | 1,291                          | 1.05                      | 512,325            | 1,536                          | 1.19                      |
| Securities – tax exempt                     | 43,118                           | 382                            | 3.51                      | 41,334             | 404                            | 3.88                      |
| Interest-bearing deposits w/ banks & FFS    | 1,570,367                        | 1,009                          | 0.25                      | 1,694,709          | 1,112                          | 0.26                      |
| Total earning assets                        | 5,984,926                        | 50,137                         | 3.32                      | 5,929,902          | 49,890                         | 3.34                      |
| Nonearning assets:                          |                                  |                                |                           |                    |                                |                           |
| Cash and due from banks                     | 168,607                          |                                |                           | 182,129            |                                |                           |
| Interest receivable and other assets        | 313,686                          |                                |                           | 316,314            |                                |                           |
| Allowance for loan losses                   | (42,061 )                        |                                |                           | (43,332 )          |                                |                           |
| Total nonearning assets                     | 440,232                          |                                |                           | 455,111            |                                |                           |
| Total assets                                | \$6,425,158                      |                                |                           | \$6,385,013        |                                |                           |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b> |                                  |                                |                           |                    |                                |                           |
| Interest-bearing liabilities:               |                                  |                                |                           |                    |                                |                           |
| Transaction deposits                        | \$701,405                        | \$181                          | 0.10 %                    | \$729,948          | \$175                          | 0.09 %                    |
| Savings deposits                            | 2,019,956                        | 1,155                          | 0.23                      | 2,012,597          | 1,146                          | 0.23                      |
| Time deposits                               | 718,963                          | 1,186                          | 0.65                      | 771,103            | 1,337                          | 0.69                      |
| Short-term borrowings                       | 3,014                            | 1                              | 0.15                      | 12,636             | 6                              | 0.18                      |
| Junior subordinated debentures              | 26,804                           | 492                            | 7.29                      | 26,804             | 491                            | 7.27                      |
| Total interest-bearing liabilities          | 3,470,142                        | 3,015                          | 0.34                      | 3,553,088          | 3,155                          | 0.35                      |
| Interest-free funds:                        |                                  |                                |                           |                    |                                |                           |
| Noninterest-bearing deposits                | 2,284,207                        |                                |                           | 2,214,894          |                                |                           |
| Interest payable and other liabilities      | 27,243                           |                                |                           | 26,584             |                                |                           |
| Stockholders' equity                        | 643,566                          |                                |                           | 590,447            |                                |                           |
| Total interest free funds                   | 2,955,016                        |                                |                           | 2,831,925          |                                |                           |
| Total liabilities and stockholders' equity  | \$6,425,158                      |                                |                           | \$6,385,013        |                                |                           |
| Net interest income                         |                                  | \$47,122                       |                           |                    | \$46,735                       |                           |
| Net interest spread                         |                                  |                                | 2.98 %                    |                    |                                | 2.99 %                    |
| Effect of interest free funds               |                                  |                                | 0.14 %                    |                    |                                | 0.14 %                    |
| Net interest margin                         |                                  |                                | 3.12 %                    |                    |                                | 3.13 %                    |

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



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|   | Nine Months Ended September 30,<br>2015 |                                |                           | 2014               |                                |                           |
|---|---|--------------------------------|---------------------------|--------------------|--------------------------------|---------------------------|
|   | Average<br>Balance                      | Interest<br>Income/<br>Expense | Average<br>Yield/<br>Rate | Average<br>Balance | Interest<br>Income/<br>Expense | Average<br>Yield/<br>Rate |
| <b>ASSETS</b>                               |   |                                |                           |                    |                                |                           |
| Earning assets:                             |   |                                |                           |                    |                                |                           |
| Loans (1)                                   | \$3,860,299                             | \$140,107                      | 4.85 %                    | \$3,589,402        | \$135,481                      | 5.05 %                    |
| Securities – taxable                        | 493,702                                 | 4,148                          | 1.12                      | 509,336            | 4,343                          | 1.14                      |
| Securities – tax exempt                     | 39,912                                  | 1,123                          | 3.76                      | 41,137             | 1,253                          | 4.07                      |
| Interest-bearing deposits w/ banks & FFS    | 1,644,708                               | 3,137                          | 0.25                      | 1,727,436          | 3,303                          | 0.26                      |
| Total earning assets                        | 6,038,621                               | 148,515                        | 3.29                      | 5,867,311          | 144,380                        | 3.29                      |
| Nonearning assets:                          |   |                                |                           |                    |                                |                           |
| Cash and due from banks                     | 175,714                                 |                                |                           | 189,030            |                                |                           |
| Interest receivable and other assets        | 315,074                                 |                                |                           | 315,901            |                                |                           |
| Allowance for loan losses                   | (41,633 )                               |                                |                           | (41,067 )          |                                |                           |
| Total nonearning assets                     | 449,155                                 |                                |                           | 463,864            |                                |                           |
| Total assets                                | \$6,487,776                             |                                |                           | \$6,331,175        |                                |                           |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b> |   |                                |                           |                    |                                |                           |
| Interest-bearing liabilities:               |   |                                |                           |                    |                                |                           |
| Transaction deposits                        | \$720,175                               | \$532                          | 0.10 %                    | \$766,895          | \$580                          | 0.10 %                    |
| Savings deposits                            | 2,047,022                               | 3,463                          | 0.23                      | 1,981,904          | 3,363                          | 0.23                      |
| Time deposits                               | 730,717                                 | 3,607                          | 0.66                      | 792,202            | 4,237                          | 0.72                      |
| Short-term borrowings                       | 2,671                                   | 3                              | 0.15                      | 9,491              | 13                             | 0.18                      |
| Long-term borrowings                        | —                                       | —                              | —                         | 2,186              | 25                             | 1.53                      |
| Junior subordinated debentures              | 26,804                                  | 1,474                          | 7.35                      | 26,804             | 1,474                          | 7.35                      |
| Total interest-bearing liabilities          | 3,527,389                               | 9,079                          | 0.34                      | 3,579,482          | 9,692                          | 0.36                      |
| Interest-free funds:                        |   |                                |                           |                    |                                |                           |
| Noninterest-bearing deposits                | 2,302,164                               |                                |                           | 2,154,395          |                                |                           |
| Interest payable and other liabilities      | 26,839                                  |                                |                           | 19,325             |                                |                           |
| Stockholders' equity                        | 631,384                                 |                                |                           | 577,973            |                                |                           |
| Total interest free funds                   | 2,960,387                               |                                |                           | 2,751,693          |                                |                           |
| Total liabilities and stockholders' equity  | \$6,487,776                             |                                |                           | \$6,331,175        |                                |                           |
| Net interest income                         |   | \$139,436                      |                           |                    | \$134,688                      |                           |
| Net interest spread                         |   |                                | 2.95 %                    |                    |                                | 2.93 %                    |
| Effect of interest free funds               |   |                                | 0.14 %                    |                    |                                | 0.14 %                    |
| Net interest margin                         |   |                                | 3.09 %                    |                    |                                | 3.07 %                    |

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no significant changes in the Registrant's disclosures regarding market risk since December 31, 2014, the date of its most recent annual report to stockholders.

Item 4. Controls and Procedures.

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

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

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

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

Item 1A. Risk Factors.

As of September 30, 2015, 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, 2014.

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.



None.

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Item 6. Exhibits.

Exhibit

Number Exhibit

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

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

- 10.2 Fourth Amended and Restated BancFirst Corporation Directors' Stock Option Plan (filed as Exhibit 10.1 to the Company's Form 8-K dated October 28, 2014 and incorporated herein by reference).
- 10.3 Fourth Amended and Restated BancFirst Corporation Directors' Deferred Stock Compensation Plan (filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the Quarter Ended June 30, 2014 and incorporated herein by reference).
- 10.4 Amended and Restated BancFirst Corporation Thrift Plan adopted March 25, 2010 effective January 1, 2010 (filed as Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the Quarter Ended June 30, 2010 and incorporated herein by reference).
- 10.5 Amendment to the Amended and Restated BancFirst Corporation Thrift Plan adopted December 16, 2010 effective January 1, 2011 (filed as Exhibit 10.9 to the Company's Annual Report on Form 10-K for the Year Ended December 31, 2010 and incorporated herein by reference).

| Exhibit Number | Exhibit   |
|----------------|---|
| 10.6           | Amendment to the Amended and Restated BancFirst Corporation Thrift Plan adopted October 27, 2011 effective October 1, 2011 (filed as Exhibit 10.9 to the Company's Annual Report on Form 10-K for the Year Ended December 31, 2011 and incorporated herein by reference). |
| 10.7           | Thirteenth Amended and Restated BancFirst Corporation Stock Option Plan (filed as Exhibit 10.1 to the Company's Form 8-K dated October 28, 2014 and incorporated herein by reference).  |
| 31.1*          | Chief Executive Officer's Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a).   |
| 31.2*          | Chief Financial Officer's Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a).   |
| 32.1*          | CEO's Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.   |
| 32.2*          | CFO's Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.   |
| 101.INS*       | XBRL Instance Document  |
| 101.SCH*       | XBRL Taxonomy Extension Schema  |
| 101.CAL*       | XBRL Taxonomy Extension Calculation Linkbase  |
| 101.DEF*       | XBRL Taxonomy Extension Definition Linkbase   |
| 101.LAB*       | XBRL Taxonomy Extension Label Linkbase  |
| 101.PRE*       | XBRL Taxonomy Extension Presentation Linkbase   |

\*Filed herewith.

SIGNATURES

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

BANCFIRST CORPORATION  
(Registrant)

Date: November 6, 2015 /s/ David E. Rainbolt  
David E. Rainbolt  
President  
Chief Executive Officer  
(Principal Executive Officer)

Date: November 6, 2015 /s/ Kevin Lawrence  
Kevin Lawrence  
Executive Vice President  
Chief Financial Officer  
(Principal Financial Officer)